Eleventh Annual Report

to March 31, 1984

Alberta

FEDERAL AND
INTERGOVERNMENTAL AFFAIRS

Alberta
FEDERAL AND
INTERGOVERNMENTAL AFFAIRS

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Deputy Government House Leader

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TO THE HONOURABLE GERARD AMERONGEN
Speaker of the Legislative Assembly
of the Province of Alberta

Sir:

I have the honour herewith, for the information of the Legislature of Alberta, to present the Eleventh Annual Report of the Department of Federal and Intergovernmental Affairs, covering the period from April 1, 1983 to March 31, 1984.

I have the honour to be, Sir,

Your Obedient Servant

James D. Horsman, Q.C.
Minister of Federal and
Intergovernmental Affairs

Edmonton

Alberta

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TO THE HONOURABLE JAMES D. HORSMAN, Q.C.
Minister of the Department of Federal
and Intergovernmental Affairs

Sir:

I have the honour to submit herewith the Eleventh Annual Report of the Department of Federal and Intergovernmental Affairs.

I have the honour to be, Sir,

Yours truly,

Jim Dinning
Deputy Minister of Federal
and Intergovernmental Affairs

Edmonton
October 29, 1985

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The Department of Federal and Intergovernmental Affairs

The basic objectives of the department of Federal and Intergovernmental Affairs are to represent Alberta's interests as an equal partner in Confederation and to ensure that all activities of the Government of Alberta in relation to the Government of Canada, governments of other provinces and the territories, and the governments of foreign countries or states are conducted in a coordinated and consistent manner. The **Department of Federal and Intergovernmental Affairs Act, 1972**, established the terms of reference for the minister and the department. The responsibilities outlined in the Act may be summarized as follows:

- coordinating the Alberta government's activities in the intergovernmental sphere to ensure that they are consistent with the overall objectives of the Alberta government;
- conducting an ongoing review of the policies, programs, and activities of other governments which may affect Alberta; and
- signing all intergovernmental agreements.

While the administration of programs and, in most cases, the articulation of specific policy positions remains within other departments of the Alberta government, it is the responsibility of Federal and Intergovernmental Affairs to ensure coordination, consistency and continuity in government policies when other governments are involved.

Organization and Operation

Throughout the reporting period, the operation of the department remained under the direction of Dr. J. Peter Meekison, the Deputy Minister. The operation of the department continued to be divided into four functional divisions: Resources and Economic Development, Social and Cultural Affairs, Research and Planning, and International. As well, there are two support divisions, Administration and Communications, which provide essential services to the department.

Overview

Prompted by continuing economic uncertainty and the need to encourage public discussion on the future of Alberta's and Canada's economic prospects, the Government of Alberta published in October 1983 a discussion paper entitled, **Alberta in Canada: Strength in Diversity**. The department played a primary role in coordinating input from other departments in the preparation of the paper. Along with Alberta Treasury and Alberta Economic Development, Federal and Intergovernmental Affairs drafted the paper.

The department also assisted with the Alberta government submission to the House of Commons Standing Committee on Transportation concerning Bill C-155 — the **Western Grain Transportation Act** and the submission to the Standing Committee on Health, Welfare and Social Affairs concerning the **Canada Health Act**.

Intergovernmental discussions on constitutional review continued during the reporting period with the second of four scheduled First Ministers' Conferences on Aboriginal Constitutional Matters held on March 7-8, 1984. Together with the Native Affairs Secretariat, the department coordinated the preparation of briefing materials and developed strategy recommendations for the Conference and for the meetings at the officials' and ministerial level held prior to the First Ministers' Conference.

The department coordinated Premier Peter Lougheed's successful visit to Japan, China and Hong Kong, as well as numerous other incoming and outgoing international visits.

Resources and Economic Development

The **Resources and Economic Development** division has responsibility for providing an intergovernmental perspective on natural resource ownership and development, economic development, transportation, agriculture, communications, environment, consumer and corporate affairs, tourism and small business, and regional economic development. In addition, the division maintains important links with Yukon and Northwest Territories. In this regard, the division was involved in an official visit to both territories by the Minister of Federal and Intergovernmental Affairs.

During the past year, the division negotiated a one-year extension of the Canada-Alberta Nutritive Processing Agreement, a subsidiary agreement to the General Development Agreement. In addition, the division was in the process of negotiating, with the federal Ministry of State for Economic and Regional Development, an Economic and Regional Development Agreement to replace the General Development Agreement which expired March 31, 1984.

The division chaired the Interdepartmental Committee on Communications which concentrated on federal-provincial jurisdictional questions arising from the emerging importance of non-broadcast telecommunication services such as pay-TV. The intergovernmental aspects of Alberta activities with respect to water resources, including Mackenzie River Basin issues and the Slave River Hydro Feasibility Study, were handled by the division.

The division assisted with the government of Alberta's submission on August 3, 1983, to the House of Commons Standing Committee on Transportation concerning Bill C-155 — **The Western Grain Transportation Act**, which proposed major changes to the rates governing the rail shipment of western grain (the Crow Rate).

Social and Cultural Affairs

The **Social and Cultural Affairs** division has responsibility for providing an intergovernmental perspective in a number of issue areas including Natives, science and technology, health care, lotteries, education, manpower, human rights, public works, municipal affairs, justice, status of women, and youth.

In conjunction with Alberta Hospitals and Medical Care, the division developed Alberta's response to the **Canada Health Act**. Another area of significant activity in the 1983-84 reporting year was the formulation and finalization of agreements with the federal government made necessary by the proclamation of the federal **Access to Information Act** and the **Privacy Act**. The division was involved in federal-provincial negotiations to reach a cost-sharing agreement for services required under the federal government's **Young Offenders' Act**. Another focus of divisional activity was the extensive preparatory process leading to the 1984 First Ministers' Conference on Aboriginal Constitutional Matters. In addition, the division represented the department in tripartite discussions leading to the signing of the Lesser Slave Lake Indian Child Welfare Agreement.

Research and Planning

The **Research and Planning** division has responsibility for providing an ongoing assessment of federal-provincial and interprovincial relations and the institutions of federalism. In providing this assessment, the division examines Alberta's position within Confederation and the challenges facing the federal system as a whole. Specific responsibilities include constitutional affairs, federal-provincial fiscal and economic relations, institutions relating to federalism, national unity, and special projects.

During the 1983-84 reporting period, the Research and Planning division coordinated the preparation of and worked with other departments in writing the Alberta government discussion paper entitled **Alberta in Canada: Strength in Diversity**. This paper made proposals for necessary changes to the federal system and for ways in which Canada's future economic prospects might be enhanced.

The division also supplied background information, briefing and support personnel to the Special Select Committee of the Legislature studying Senate reform. A member of the division accompanied the Minister of Federal and Intergovernmental Affairs on his visit to West Germany in February 1984, to study the operation of the Bundesrat (the West German Upper Chamber).

Research and Planning provided an intergovernmental perspective on such diverse areas as the Charter of Rights and Freedoms and its impact on the federal system, regulatory reform, pension reform, and proposed federal emergency planning legislation. It monitored the hearings of the Royal Commission on the Economic Union and Development Prospects for Canada.

International Division

The **International** division is responsible for monitoring and coordinating Alberta's international initiatives, and for reviewing and making recommendations on provincial policies, programs and activities in relation to Canada's foreign policy and developments in other countries.

During the reporting period, the International division devoted particular attention to all facets of Alberta's relations with the Asia Pacific region. The division organized and participated in Premier Lougheed's visit to Japan, China and Hong Kong which provided an opportunity to reaffirm Alberta's interests in the region and to stress the province's reliability as a supplier of wheat, canola, pork, beef, coal, petrochemicals and other products. The division also has coordinated the follow-up on opportunities arising from the visit. This follow-up included a visit to Asia by the Honourable James Horsman, during which he also held discussions with the provinces in Japan and Korea with which Alberta has special relationships.

The International division was involved in numerous official visits to Alberta, including those of a number of foreign dignitaries. Soviet Politburo member Mikhail Gorbachev's visit in May of 1983 provided an opportunity to introduce him to Alberta's agri-food industry and to discuss with him the prospects for continued economic cooperation between Canada and the USSR. British Prime Minister Margaret Thatcher visited Alberta in September and held discussions with Premier Lougheed and the Honourable James Horsman.

International trade and energy issues continued to be the focus of considerable attention by the division in the reporting year. This included involvement in the development of **Canada's Trade Policy for the 1980's, the Views of the Provinces**, a document presented to the federal government outlining a common provincial position on Canada's trade challenges in the 1980's. The official opening of Alberta's New York Office in May 1983 significantly enhanced the province's ability to monitor and evaluate United States energy, economic and trade policies of relevance to Alberta.

Selected Events

Communications

The **Communications** division is responsible for all public relations and information functions within the department, and acts in an advisory and coordinating role for out-of-province and foreign offices.

During the reporting year, Communications was actively involved in the preparations for the Premier's visit to Asia. Prime responsibilities included the selection, designation and packaging of Alberta presentation items; and the design and production of the mission books which were translated into Japanese, Mandarin and Cantonese for distribution in Japan, China and Hong Kong, respectively.

Development of a complete awareness program, including pins, brochures, posters, and flags, for Alberta's special relationships with Hokkaido, Kangwon and Heilongjiang was initiated. A newsletter, entitled "The Asia-Alberta Exchange", is being produced for distribution throughout the province.

The Communications Director, assigned to the department by the Public Affairs Bureau, has been involved in the coordination of select special events, such as the official opening of the New York office and the introduction of a new Executive Director of the Ottawa office. As well, the Director acts as the primary contact with the news media, and arranges most interviews and news conferences.

The unit also was responsible for the production of various materials and documents, the most significant being **Alberta in Canada: Strength in Diversity**. In addition, it acquires, maintains and controls a "gift-bank" of items, created and/or supplied by Alberta crafts people and firms, which are presented by the government to in-coming visitors or during out-going missions.

Administration

The **Administration** division provides essential financial, administrative and personnel support services for the entire department.

1983

April 29-May 3 — The Honourable James D. Horsman accompanied Premier Lougheed to New York to preside at the official opening of Alberta's New York office.

May 4 — Mr. Horsman and the Alberta Minister of Agriculture, the Honourable LeRoy Fjordbotten, held bilateral discussions on the Crow Rate and interprovincial cooperation in economic development with their Saskatchewan counterparts in Regina.

June 3 — The resolution to authorize amendments to the Constitution of Canada was introduced in the Alberta Legislature by Mr. Horsman.

June 12-14 — Mr. Horsman held meetings with the Governors of Colorado and Montana and with the Western Governors Policy Organization to discuss Alberta-Western United States relations and cooperation.

June 20-26 — Mr. Horsman reviewed the operation of the Houston and Los Angeles offices and held meetings in both cities with representatives of the private sector interested in business/trading opportunities with Alberta.

June 30 — Signing of the Agreement to Amend the Memorandum of Agreement of September 1, 1981, between the Government of Canada and the Government of Alberta relating to Energy Pricing and Taxation.

July 4-14 — Meetings between Mr. Horsman and the Executive Councils and officials of Northwest Territories and Yukon. A variety of intergovernmental issues was discussed, including aboriginal land claims, constitutional matters and Senate reform.

Mr. Horsman addressed the Commonwealth North Group in Alaska, met with the Alaska Statehood Commission and held discussions on Alberta-Alaska relations.

1984

August 9-12 The 24th Annual Premiers' Conference was held in Toronto. Premier Lougheed, Mr. Horsman and several officials attended from Alberta. Discussions at the Conference centered on economic recovery and intergovernmental cooperation.

September 11-16 Mr. Horsman was a speaker at the Western Legislators' Conference in Fairbanks, Alaska.

September 27-28 Visit of British Prime Minister Margaret Thatcher to Alberta.

October 12 Canada's Ambassador to the United States, Allan Gotlieb, visited Edmonton and held discussions with Mr. Horsman and other cabinet ministers on Alberta/United States relations.

October 13-14 Speaking to the Montana Chamber of Commerce, Mr. Horsman stressed the importance of Montana-Alberta relations and the need to liberalize trade laws and remove artificial barriers to trade.

October 27 **Alberta in Canada: Strength in Diversity**, an Alberta Government discussion paper on Canada's and Alberta's future economic prospects, was released by Mr. Horsman at a news conference.

November 1-3 Ministerial meeting on Aboriginal Constitutional Matters was held in Ottawa.

December 1-16 Mr. Horsman travelled to Hong Kong, Korea, and Japan. Alberta has significant interests and activities in the Asia Pacific region and has sister provinces in Korea, Japan, and China.

January 25-26 A ministerial meeting on Aboriginal Constitutional Matters was held in Yellowknife.

January 29-February 5 Together with the Honourable Tom Wells, Ontario Minister of Intergovernmental Affairs, Mr. Horsman conducted a study-tour of the West German governmental system, particularly the operation of the Bundesrat.

February 6-7 From Germany Mr. Horsman travelled to France to review France-Canada relations and the role of the Senate in France.

February 8-9 In the United Kingdom Mr. Horsman met with several members of the House of Lords to discuss the operation of the British Upper House.

Canada-United Kingdom relations and trade issues were discussed with the Canadian High Commission.

February 10 Returning to the Continent via New York, Mr. Horsman met with the new Canadian Consul General to discuss Alberta's interests in the United States and overall relations between provincial and federal representatives abroad.

February 13-14 Mr. Horsman and the Honourable Milt Pahl, Alberta Minister responsible for Native Affairs, represented Alberta in Toronto at the final ministerial meeting on Aboriginal Constitutional Matters held in preparation for the upcoming First Ministers' Conference.

March 8-9 The First Ministers' Conference on Aboriginal Constitutional Matters was held in Ottawa. Premier Lougheed was accompanied by Honourable James Horsman, Honourable Milt Pahl, and other members of the Alberta delegation.

Alberta Government Offices in Canada

Ottawa Office

Federal and Intergovernmental Affairs assumed responsibility for the Ottawa office in 1972. The main function of the office is to monitor federal policies and programs, and to inform the federal government and members of Parliament of Alberta's policies and concerns.

The office closely follows Parliamentary proceedings and reports to Alberta daily. Major issues covered in the 1983-84 period included federal legislation to change the Crow's Nest Pass freight rates and the **Canada Health Act**.

Another major function is to assist in arrangements for intergovernmental conferences and meetings such as the First Ministers' Conference on Aboriginal Constitutional Matters held in March of 1984. As well, assistance is provided in arranging official visits. During 1983-84 these included the visit of Prince Charles and Princess Diana to Alberta, and the Premier's visit to China and Japan.

Information briefings are given to diplomats, businesspeople and academics. The office also provides information on tourism, employment and a wide variety of other subjects to the general public.

Working space and meeting rooms are available for Alberta officials visiting Ottawa. The office is located at 1110 - 90 Sparks Street.

During the reporting year, Tom Wood was appointed Executive Director of the Ottawa office, and was officially introduced at a reception hosted by the Honourable James Horsman, November 1, 1983 in Ottawa.

Toronto Office

The Alberta government office in Toronto was opened in February 1975 primarily to service the province's manpower interests in Eastern Canada. It was headed by a Director, assisted by a Manpower Mobility Officer from Alberta Manpower. The main function of the Toronto Office was directed toward fulfilling Alberta's manpower requirements.

Conference Activity

In 1983, Federal and Intergovernmental Affairs continued to participate in many federal-provincial, interprovincial and regional conferences. The extent of the department's participation depends, to a large degree, on the level of the conference, the agenda, and the location.

The conference format has evolved primarily since the end of the Second World War, and has become an important and recognized mechanism for making adjustments within the federal system. The number of federal-provincial and interprovincial conferences reflects the increasing extent to which the activities of one government affect the activities of the other, and the consequent need for intergovernmental consultation and coordination.

Federal-Provincial Activity

The following tables on federal-provincial meetings and conferences take into account all meetings at the first ministerial, ministerial, and deputy ministerial levels in which Alberta was a participant.

Table I classifies the meetings into three categories: **bilateral** - meetings between representatives of the Government of Alberta and representatives of the federal government; **regional** - meetings between representatives of the Government of Alberta, (one or more) other western provinces, and the federal government; and **multilateral** - meetings between representatives from all or most of the provinces and territories, and representatives of the federal government.

Table II identifies the federal-provincial meetings and conferences according to the level of representation at which Alberta was a participant. Three levels of representation are isolated: **first ministerial**, **ministerial** and **deputy ministerial**.

Tables III and IV present the total number of federal-provincial conferences by level of representation broken down into a cross-reference of areas of governmental activity. As such, these tables highlight those policy areas which required the most attention in terms of meetings and conferences, and which level of representation was required for consideration of the subject. The tables indicate the vast and complex network of meetings and conferences. The figures represent meetings which were convened in response to a particular concern or situation, as well as those committee meetings which are held on a continuing basis and have become more permanent intergovernmental mechanisms.

The relatively high number of meetings in the "Constitution" category can be attributed, in part, to the intensive schedule of meetings held in preparation for the First Ministers' Conference on Aboriginal Constitutional Matters.

Negotiations between Alberta and the federal government with respect to the Agreement to Amend the Energy Agreement constitute the majority of meetings under the category "Energy and Resources".

The "Miscellaneous" category includes meetings in the areas of tourism, culture, emergency planning, public works, and government services.

Many of the federal-provincial conferences are served by the Canadian Intergovernmental Conference Secretariat (CICS), a permanent body jointly funded by federal and provincial governments. Services provided by the Secretariat include correspondence with delegates concerning conference arrangements and agendas, preparation of conference transcripts and summary statements, distribution of documents, and the maintenance of records. The Secretariat provides these services for all First Ministers' meetings, and is available to provide similar services and facilities for meetings of ministers and deputy ministers.

Table I

Frequency of Federal-Provincial Meetings and Conferences According to Category — Alberta Participation, 1983

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bilateral	0	7	2	1	3	2	1	1	2	3	2	3	27
Regional	0	0	0	0	1	0	0	0	0	1	0	0	2
Multilateral	6	5	4	3	3	3	4	1	10	4	6	6	55
Total	6	12	6	4	7	5	5	2	12	8	8	9	84

Table II

Frequency of Federal-Provincial Meetings and Conferences According to Level of Representation — Alberta Participation, 1983

	Bilateral	Regional	Multilateral	Total
First Ministerial	1	0	2	3
Ministerial	18	1	28	47
Deputy Ministerial	8	1	25	34
Total	27	2	55	84

Table III

Frequency of Federal-Provincial Meetings and Conferences According to Category and Area of Government Activity — Alberta Participation, 1983

	Bilateral	Regional	Multilateral	Total
Constitution	0	0	10	10
General Government	2	0	0	2
Finances	0	0	4	4
Agriculture	1	1	7	9
Transportation	0	0	2	2
Education	0	0	1	1
Energy and Resources	11	0	2	13
Environment	4	1	1	6
Manpower-Labour	1	0	6	7
Statistics	0	0	0	0
Welfare	0	0	1	1
Health	1	0	4	5
Industry and Trade	2	0	6	8
Urban Affairs	0	0	0	0
Justice and Laws	0	0	5	5
Consumer Affairs	0	0	2	2
Communications	0	0	0	0
Native Affairs	3	0	0	3
Miscellaneous	2	0	4	6
Total	27	2	55	84

Table IV

Frequency of Federal-Provincial Meetings and Conferences According to Level of Representation and Area of Government Activity — Alberta Participation, 1983

	First Ministerial	Ministerial	Deputy Ministerial	Total
Constitution	2	3	5	10
General Government	0	2	0	2
Finances	0	3	1	4
Agriculture	0	4	5	9
Transportation	0	2	0	2
Education	0	1	0	1
Energy and Resources	1	12	0	13
Environment	0	1	5	6
Manpower-Labour	0	4	3	7
Statistics	0	0	0	0
Welfare	0	0	1	1
Health	0	2	3	5
Industry and Trade	0	4	4	8
Urban Affairs	0	0	0	0
Justice and Laws	0	2	3	5
Consumer Affairs	0	2	0	2
Communications	0	0	0	0
Native Affairs	0	1	2	3
Miscellaneous	0	4	2	6
Total	3	47	34	84

Interprovincial Activity

Considerable intergovernmental activity takes place among the provinces. Provinces meet to compare policy positions and to discuss matters of mutual concern and interest. Such meetings also afford the opportunity to discuss matters of an interprovincial nature. Sometimes, they are held prior to federal-provincial conferences, and participants discuss common concerns and attempt to reach a unified provincial position. Permanent mechanisms for interprovincial cooperation have been established in some instances. The pinnacle of interprovincial cooperation is the Annual Premiers' Conference. On a regional basis Alberta participates in the Western Premiers' Conference, which is usually held annually.

The following tables break down the various interprovincial meetings and conferences during 1983 into categories similar to those used for federal-provincial meetings.

Table V

Frequency of Interprovincial Meetings and Conferences According to Category — Alberta Participation, 1983

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bilateral	4	1	0	0	2	1	2	0	2	1	1	0	14
Regional	0	2	0	0	1	0	1	0	0	0	0	0	4
Multilateral	3	1	0	0	4	1	1	3	8	3	1	4	29
Total	7	4	0	0	7	2	4	3	10	4	2	4	47

Table VI

Frequency of Interprovincial Meetings and Conferences According to Category and Level of Representation — Alberta Participation, 1983

	Bilateral	Regional	Multilateral	Total
First Ministerial	0	1	1	2
Ministerial	14	3	18	35
Deputy Ministerial	0	0	10	10
Total	14	4	29	47

Table VII

Frequency of Interprovincial Meetings and Conferences According to Category and Area of Government Activity — Alberta Participation, 1983

	Bilateral	Regional	Multilateral	Total
Constitution	0	0	0	0
General Government	8	1	2	11
Finances	0	0	0	0
Agriculture	0	1	1	2
Transportation	1	0	2	3
Education	0	0	4	4
Energy and Resources	4	0	1	5
Environment	1	0	0	1
Manpower-Labour	0	0	3	3
Statistics	0	0	0	0
Welfare	0	0	1	1
Health	0	0	3	3
Industry and Trade	0	0	3	3
Urban Affairs	0	0	2	2
Justice and Laws	0	0	2	2
Consumer Affairs	0	1	1	2
Communications	0	0	0	0
Native Affairs	0	0	0	0
Miscellaneous	0	1	4	5
Total	14	4	29	47

Table VIII

Frequency of Interprovincial Meetings and Conferences According to Level of Representation and Area of Government Activity — Alberta Participation, 1983

	First Ministerial	Ministerial	Deputy Ministerial	Total
Constitution	0	0	0	0
General Government	2	8	1	11
Finances	0	0	0	0
Agriculture	0	2	0	2
Transportation	0	3	0	3
Education	0	2	2	4
Energy and Resources	0	5	0	5
Environment	0	1	0	1
Manpower-Labour	0	1	2	3
Statistics	0	0	0	0
Welfare	0	1	0	1
Health	0	2	1	3
Industry and Trade	0	1	2	3
Urban Affairs	0	2	0	2
Justice and Laws	0	1	1	2
Consumer Affairs	0	2	0	2
Communications	0	0	0	0
Native Affairs	0	0	0	0
Miscellaneous	0	4	1	5
Total	2	35	10	47

Summary

Intergovernmental meetings are important mechanisms in the conduct of federal-provincial and interprovincial relations. They provide a useful forum for the participants to exchange information and views, to attempt to resolve conflicts, and to reach agreement. At a time when there is increasing interdependence among governments, the type of interaction afforded by intergovernmental meetings is invaluable.

Conference of Provincial Premiers

The Annual Premiers' Conference, inaugurated in 1960, is intended to promote cooperation, coordination and consultation among Canadian provinces. The 24th Annual Premiers' Conference was held in Toronto, Ontario, August 9-12, 1983. For the second year the leaders of the governments of Yukon and Northwest Territories attended the conference as observers.

The following agenda items were discussed:

- economic recovery
- federal-provincial cooperation

Communiques from this conference are included in Appendix II. Following is a summary of the meeting highlights.

Economic Recovery

The primary focus of the conference was on the economy and economic recovery. The Premiers explored a number of issues and policies which could contribute to the continuation of Canada's economic recovery. They stressed the need to restore consumer and investor confidence and outlined specific measures to be undertaken to ensure sustained economic growth. The 10 Premiers also recognized the need for increased research and development, and the importance of appropriate educational and training programs for Canadian industries to remain competitive in world markets.

Federal-Provincial Cooperation

The Premiers stressed the importance of working cooperatively with the federal government in the planning and implementation of the **Canada Health Act**, the **Young Offenders' Act**, and on the renegotiation of the Economic Development Agreements which expire on March 31, 1984. The areas of pension reform, regional transportation subsidies, and lotteries also were discussed as those in which the federal government and provinces could cooperate.

In the final communique, the Premiers asked that the Prime Minister visit each province individually to discuss economic priorities and programs.

The Constitution

At the March 15-16, 1983, First Ministers' Conference on Aboriginal Constitutional Matters, Alberta was a signatory to an accord among the federal government, nine provincial governments, the governments of Yukon and Northwest Territories, and the leaders of the Indian, Metis and Inuit groups. In the accord, the signatories agreed to certain constitutional amendments. On June 3, 1983, the Alberta Legislature unanimously approved a resolution authorizing the Governor General to issue a proclamation respecting those constitutional amendments. (See Appendix III for the resolution and the ministerial statement in the Alberta Legislature.)

During much of the 1983-84 fiscal year, the department was actively involved in the national aboriginal constitutional discussions, both at the officials' and ministerial levels, in preparations for the March 8-9, 1984, First Ministers' Conference on Aboriginal Constitutional Matters. As part of this preparatory process, officials from Federal and Intergovernmental Affairs participated in working groups which focused on major issues of concern to the aboriginal peoples.

The First Ministers' Conference on Aboriginal Constitutional Matters, which took place in Ottawa, was the second meeting of First Ministers in a process that will continue until 1987 and will include two more such conferences. Discussions at the conference focused on the issues of equality rights, aboriginal self-government, and constitutional responsibility for the Metis. While there was no agreement reached upon further constitutional amendments, the conference provided a vehicle for the exchange of views and concerns among the participants on many of the outstanding issues.

The Government of Alberta took the position that it is essential to understand the implications of any proposed constitutional provisions before considering the entrenchment of those provisions in the Constitution. The government also stated its belief that many practical measures can be taken outside the constitutional process to meet aboriginal needs. At the same time, however, it was emphasized that the Alberta government would continue to be a full participant in the ongoing aboriginal constitutional discussion process. (See Appendix IV for opening statement by Premier Lougheed to the First Ministers' Conference on Aboriginal Constitutional Matters, March 8-9, 1984.)

Energy

The reporting period saw several developments in the area of federal-provincial energy relations. Due to a March 1983 reduction in the world oil price, the scheduled price increases for Canadian conventional crude oil could not take place as provided for in the September 1981 Energy Pricing and Taxation Agreement between Canada and Alberta. After several months of negotiation between Alberta and the federal government, an agreement amending the 1981 agreement was signed on June 30, 1983. (See Appendix V.) These amendments provided for a freeze in the price of conventional crude oil at approximately 83 per cent of the world price. Additional categories of Alberta oil in production since 1974 were accorded the New Oil Reference Price (an average of world prices). This increased the proportion of Alberta oil priced at world levels from 25 per cent to 36 per cent. In addition, the amendments established a limit on increases to the price of natural gas to 65 per cent of the British Thermal Unit (BTU) equivalent price of oil at Toronto. Alberta border price increases, however, took precedence over the federal natural gas excise tax and border price increases continued until February 1, 1984. At that time, the federal tax was reduced to zero and the border price increased to $2.79/gigajoule. The amendments remain in effect until December 31, 1984, for oil and January 31, 1985, for natural gas.

As part of the June 1983 amendments, both governments agreed to investigate additional means to increase natural gas sales in Canada, especially in industrial markets. Discussions on incentive prices for large-volume gas users in eastern Canada continued throughout the reporting period, and involved the Alberta and federal governments as well as Ontario and Quebec.

In addition, during the year under review, the federal and Alberta governments agreed to a number of taxation and royalty concessions for the development of several commercial oil sands projects of a scale ranging initially from 7,000 to 10,000 barrels per day.

Economic and Fiscal Federalism

Alberta in Canada: Strength in Diversity

On October 27, the Government of Alberta released a major discussion paper entitled **Alberta in Canada: Strength in Diversity** intended to stimulate public dialogue on economic issues affecting Alberta and, indeed, all of Canada. A copy of the paper was given to the Royal Commission on the Economic Union and Development Prospects for Canada (the Macdonald Commission) for use in its deliberations.

Devoted to the future economic prospects of Alberta and Canada, the Alberta paper addressed a number of themes:

- the private sector is the driving force of economic growth;
- Canadians must take measures to meet the challenges of an increasingly competitive international market;
- continued economic growth will depend on reducing governments' share in the economy;
- governments have an important role to play in creating a positive climate for private sector initiatives;
- Canada's economic potential lies in recognizing and building upon the strength of its provinces and regions; and
- governments in Canada must renew their commitment to intergovernmental cooperation and consultation.

The paper stressed the central role of the private sector in the market economy and noted that the well-being of Canadians is best realized by sustaining investor confidence and encouraging entrepreneurial activity. In this regard, any government intervention in the economy should be aimed at improving the incentives and rewards of market activity. The paper also emphasized that governments must coordinate their activities in ways which contribute to a stable and predictable environment for private sector-led economic growth.

Since international trade accounts for approximately 30 per cent of Canada's Gross National Product, the future economic prospects for Alberta and Canada are closely tied to the exporting of resources, goods, and services. At the same time, economic development in Canada depends upon attracting international investment. The document, therefore, also stressed the conditions required to improve Canada's trade and development prospects. First, the paper noted that Canadian industries must adapt to remain, or to become, internationally competitive. Governments must avoid protectionist barriers and encourage the development and application of new technologies. In addition, governments in Canada can assist the private sector to develop international marketing strategies. The paper pointed out that greater access to world markets depends as well on freer world access to the Canadian market. (The highlights and overview section of the document is reprinted in Appendix VI.)

Fiscal Arrangements and Established Programs Financing

On April 11, 1983, provincial finance ministers and treasurers tabled in their respective legislatures an interprovincial consensus concerning fiscal arrangements (see Appendix VII). The document outlined provincial objections to reduced funding for the established programs (hospital care, medical insurance, and post-secondary education); expressed opposition to the federal proposals to split the programs into separate components, and to place a ceiling on federal transfers for post-secondary education. Ministers were particularly concerned with federal attempts to erode the block-funded nature of the funding of established programs, hailed by all participants in the 1976 negotiations as a positive feature of the fiscal arrangements. (See the Tenth Annual Report of this department for a general description of the fiscal arrangements.)

In May 1983, the federal government introduced Bill C-150 in the House of Commons. It provided for the amendment of the **Federal-Provincial Fiscal Arrangements and Established Programs Financing Act, 1977** by separating out the cash contributions for the health and education transfers. The bill also limits the growth in per capita entitlements for post-secondary education to six per cent in 1983-84 and five per cent in 1984-85. Although this bill died on the order paper at the end of November 1983, it was reintroduced in 1984 as Bill C-12, the **Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977**. By separately identifying the components of the established programs in the bill's title, the federal government has eroded the principle of block funding. The Bill had received second reading in the House of Commons at the end of the reporting period.

The health care issue became a source of increasing friction in the federal-provincial arena during the reporting period. Formal negotiations between the provinces and the federal government on its proposed **Canada Health Act** had been discontinued in the fall of 1982. The Bill would strengthen federal conditions for its financial support in the area of health and would establish stringent program conditions in an area of exclusive provincial jurisdiction.

At the Annual Premiers' Conference in August 1983, provincial Premiers issued a request to the Prime Minister for "an early resumption of intergovernmental negotiations on health care issues". The Premiers called for a meeting of federal and provincial health ministers to engage "in a frank and open discussion which would help achieve a solution meeting the concerns of both orders of government". Federal and provincial health ministers met on September 7, 1983, but did not resolve outstanding issues.

This meeting was followed by a request by Premiers to the Prime Minister for a further health ministers meeting to discuss health care financing, an issue of particular concern to Alberta and, indeed, all provinces at a time of rapidly escalating hospital and medical care costs.

On December 12, 1983, the **Canada Health Act** was tabled in the House of Commons. The bill went far beyond the original proposals of the federal government introduced in May 1982, which were to consolidate and clarify the conditions under which federal cash transfers for health care are made to the provinces. All provinces voiced their concern over features of the bill, many of which could impose significant cost increases on the provinces. Bilateral discussions between the federal minister of National Health and Welfare and all provincial health ministers were conducted in January 1984; however, no mutually agreeable solutions were reached.

On February 29, 1984, the Honourable David Russell, Alberta's Minister of Hospitals and Medical Care, made a formal submission to the Standing Committee on Health, Welfare and Social Affairs on behalf of Alberta. All other provinces except Manitoba made similar submissions to the Committee.

When the Standing Committee made its proposals on the **Canada Health Act** to the House of Commons in late March it incorporated a federal role in the administration of the health care system. In response to this development, Alberta called for a meeting of federal and provincial health ministers as soon as possible. The federal minister declined to meet with her provincial counterparts. Consequently, the decision was made by Alberta and other provinces to appear before the Senate Committee conducting hearings on the bill. The appearance is scheduled for early April 1984.

20 Federal-Provincial and Interprovincial Programs and Agreements

During 1983-84 agreements were signed by Alberta in the following areas:

Social Services

Lesser Slave Lake Indian Child Welfare Agreement

The purpose of this agreement is to provide for the delivery of child welfare services by the Lesser Slave Lake Indian Regional Council to its members, while maintaining federal financial responsibility and provincial child welfare standards. The general framework of the agreement is contained in the master agreement, which has a term of five years beginning June 3, 1983. The subsidiary agreement, which was entered into on August 1, 1983, for a term of one year, outlines the services to be provided and the responsibilities of the parties. The negotiation and signing of these agreements was carried out by representatives of the Alberta government, the Government of Canada, and the Lesser Slave Lake Indian Regional Council.

Access to Information

As a result of the federal proclamation of the **Access to Information Act** and the **Privacy Act** on July 1, 1983, a number of agreements were signed and letters of understanding were sent by the Alberta government. A formal federal-provincial agreement was entered into under the provisions of subsection 8 (2) (f) of the **Privacy Act** to ensure that provincial institutions continue to receive personal information for the purposes of enforcing a law or carrying out a lawful investigation. There also was an exchange of letters between the federal and provincial Solicitors General to ensure that information obtained or collected by the Royal Canadian Mounted Police in Alberta would not be released under either the **Access to Information Act** or the **Privacy Act**. To ensure that Alberta retains control over information provided to the federal government, the Honourable James Horsman wrote to the federal Minister of Justice, the Honourable Mark MacGuigan, requesting that federal institutions receive the consent of the provincial agency or department that provided the information before it is released under either the **Access to Information Act** or the **Privacy Act**.

Education

Draft Protocol for Agreements Between the Government of Canada and the Provincial Governments for Minority Language Education*

An agreement was reached between the federal government and the provinces, effective April 1, 1983, and terminating March 30, 1986, which outlines the framework for bilateral agreements with individual provinces. The bilateral agreements will provide for federal contributions to the additional costs associated with the development of minority language education and second language instruction.

Hospitals and Medical Care

Out-Patient and In-Patient Reciprocal Billing Agreements

During 1983 in-patient billing agreements were signed with the Northwest Territories, Ontario, and Saskatchewan. Also during 1983 similar in-patient billing agreements were signed with New Brunswick, British Columbia, Newfoundland, Nova Scotia, Quebec, and Yukon. These agreements enable Albertans and other Canadians to obtain reimbursement from the health care insurance plan in their home province for in-patient and out-patient hospital bills incurred while travelling in Canada.

* This agreement involves both the departments of Education and Advanced Education.

Agriculture

Nutritive Processing Agreement

The purpose of this agreement is to strengthen the economic base of rural areas through further processing in the province of primary food products. It is a sub-agreement to the General Development Agreement, through which program costs are shared by the federal and Alberta governments. The agreement was extended by one year to March 31, 1985.

Energy and Natural Resources

Energy Pricing and Taxation Memorandum of Agreement

The memorandum of agreement was revised in June 1983, in recognition of changes in world economic circumstances. It stabilizes Alberta oil prices while the world price of oil is falling. Some of the amendments are in effect until December 31, 1984, and others until January 31, 1985.

Swift Fox Agreement

The purpose of this agreement is to undertake the reintroduction and management of the swift fox in Alberta. The program costs are shared by the federal and Alberta governments. The program is administered by a joint federal-Alberta management authority. The agreement extends to March 31, 1988.

Wood Bison Agreement

The purpose of this agreement is to undertake the reintroduction and management of the wood bison in Alberta. Program costs are shared by Canada and Alberta. The program is administered by a joint federal-Alberta management authority, and extends to March 31, 1988.

Waterfowl Crop Damage Compensation Program

The purpose of this agreement is to undertake a compensation program for Alberta grain producers to reduce income losses caused by migratory waterfowl damaging grain crops. The program costs are shared by the federal and Alberta governments. The Alberta government (Department of Energy and Natural Resources) administers the agreement. This year's agreement continued the program to March 31, 1984.

Waterfowl Crop Damage Prevention Program

The purpose of this agreement is to implement programs to minimize farmer losses caused by migratory waterfowl. A committee with equal representation from the Government of Canada and the Government of Alberta is responsible for joint planning and recommending of appropriate prevention programs. The program costs are shared by the federal and Alberta governments. Regarded as complementary to the Damage Compensation Program, the agreement was renewed to March 31, 1984.

Interagency Forest Fire Centre Agreement

The purpose of this agreement is to establish and fund a centre to collect forest fire management information and to distribute it throughout the country.

Interagency Mutual Aid Resources Sharing Agreement

The parties to this agreement agree to share forest fire fighting resources in time of need. The agreement provides guidelines for procedures and reimbursement.

Environment

Memorandum of Agreement on the Protection and Enhancement of Environmental Quality

This accord provides a framework for more detailed agreements concerning the environment. It has been extended to October 8, 1987.

International Affairs

Alberta's interests in the international sphere encompass a wide range of activities, including trade, investment, entrepreneurial immigration, tourism, culture, education, science and technology, intergovernmental relations, and information gathering.

Alberta's International Offices

The Government of Alberta maintains foreign offices in London, Hong Kong, Tokyo, New York, Los Angeles, and Houston. Federal and Intergovernmental Affairs is responsible for the London, Hong Kong, and New York offices, which are headed by Agents General, and for the Tokyo office, headed by a Director General. The Los Angeles and Houston offices, headed by Directors, are the responsibility of Alberta Economic Development.

The offices represent and communicate Alberta's interests abroad, and collect and channel back to Alberta information of interest to the government and private sector. Assistance also is provided to Alberta's private and public sectors pursuing activities in the regions covered by the offices.

London

In addition to Agent General Jim McKibben, the staff at Alberta House includes senior representatives of the departments of Economic Development, Tourism and Small Business, Manpower, and Federal and Intergovernmental Affairs. They are responsible for representing Alberta's interests in the United Kingdom and Europe. Their duties include the maintenance of close relations with Canada's High Commission in London, other embassies in Europe, other provincial offices, the British and European business community, and government officials.

Throughout 1983-84 Alberta House continued to monitor the situation in regard to world energy prices. Efforts in this area involved the maintenance of ongoing contact with both industry and government representatives in London and with the offices of OPEC in Vienna.

The London office was active in the promotion of a positive investment attitude toward Canada and Alberta on the part of institutional investors in Great Britain and other countries in Europe. An important element in this campaign was the series of investment seminars organized by Alberta House. Alberta representatives also participated in similar seminars organized by the private sector in Europe, and worked closely with British and European companies with a particular interest in Alberta. Officials of the London office continued their regular monitoring of the capital markets throughout Europe.

Alberta House played a key role in promoting the export of a large variety of Alberta goods and services in European markets. Representatives attended several trade and agricultural fairs, and worked closely with Alberta companies in identifying potential clients in the United Kingdom and Europe. Particular emphasis was directed toward securing contracts for the Alberta oil and natural gas industries, and the expansion of the sale of Alberta beef throughout the London area.

Alberta House also assists with the promotion of tourism. An estimated 130,000 people travelled to Alberta from Europe during 1983-84. A new advertising campaign for leisure travel was launched, and several consumer promotions were held covering various points in the United Kingdom and the Channel Islands. The London office was involved in two other major tourist promotions held during the reporting year.

Numerous art exhibitions were held at Alberta House during 1983-84, providing exposure in Europe for Alberta artists. Similarly, performing artists from Alberta were assisted by the office in their London appearances.

Hong Kong

The Alberta office in Hong Kong, headed by Agent General Fred Peacock, is Alberta's principal office in Asia. It is responsible for pursuing market opportunities in the region and advising the Alberta government of trade, agricultural, economic, technological, and cultural developments in the Asia Pacific region. The office has been engaged in generating a large number of useful contacts and laying the groundwork for an increased Alberta presence in the region. It has been particularly active in promoting trade and investment opportunities in Alberta's agricultural, energy, and high-technology sectors, as well as in small business counselling for entrepreneurial investors. The office also has been involved in developing further the special relationship between Alberta and the Chinese Province of Heilongjiang.

Some important trade initiatives were undertaken by the office in 1983-84, including the promotion of Alberta's petrochemical marketing in China. The Hong Kong office assisted with Premier Lougheed's visit to China and Hong Kong. In cooperation with Alberta Agriculture and Alberta Economic Development, the office assisted in arrangements for the "Great Trade Show of China" at Edmonton Northlands in the spring of 1984. The office made arrangements for a number of potential investors to make exploratory business visits to Alberta, and was active in directing entrepreneurial investment to the province.

Tokyo

Alberta's Tokyo office, headed by Director General Ivan Bumstead, is responsible for representing the province's interests in Japan and the Republic of Korea. Principal activities are related to the areas of trade, culture, education, and sports. It plays a leading role in the activities with the provinces of Hokkaido in Japan and Kangwon in Korea, both of which have a special relationship with Alberta. Working in close consultation with the Canadian embassies in each country, its mandate is to monitor developments and promote a greater awareness of Alberta in the area.

During 1983-84 the Tokyo office assisted with arrangements for Premier Lougheed's visit to Japan, and with visits by Ministers Schmid, Horsman, and the Honourable Planche, minister of Alberta Economic Development. It also arranged various missions and promotions of Alberta products, such as oil and natural gas technology, beef, cheese, and forest products. Assistance to the private sector in arranging promotional programs continued to expand. An increasing number of cultural promotions, both amateur and professional, were arranged to enhance Alberta's presence.

New York

The primary role of Alberta's New York office, headed by Agent General James Seymour, is to monitor, assess and report on United States energy, economic and trade policies which may impact upon Alberta. The office is involved in establishing contacts with the financial, business and governmental communities of the United States east coast region and introducing Albertans to those contacts.

Officially opened in May 1983 by Premier Lougheed and the Minister of Federal and Intergovernmental Affairs, the New York office continued to represent Alberta's interests, both economic and political, in the area. Principal among those interests was consideration in the United States Congress of legislation affecting the production, transmission, marketing, and importation of natural gas.

In cooperation with Alberta's natural gas industry and the Canadian Embassy in Washington, the New York office reported on the actions of the Congressional committee and met with committee and Congressional staff to review those activities. One of the most significant aspects of the office's coverage of the natural gas issue was its coordination of Premier Lougheed's visit to Washington. The Premier's discussions with members of the Congress and the Administration had a significant impact on United States discussions of natural gas imports from Canada.

Los Angeles

Alberta's Los Angeles office is headed by Director Randy Palivoda. Its primary mandates are to promote and assist Alberta exports to the United States, to encourage investment in Alberta, and to promote joint venture and licensing arrangements between Alberta and United States companies. As in other years, the office also assisted Alberta Tourism and Small Business, and Alberta Agriculture in conducting their international functions. The office was directly involved in trade shows, conferences, seminars, and Alberta missions and visits to the western United States. Premier Lougheed and the Minister of Federal and Intergovernmental Affairs both visited California to pursue Alberta's trade and industrial development during the reporting period.

Houston

In operation since 1982, Alberta's Houston office represents and works to strengthen the province's commercial interests in one of the world's major centres of oil and natural gas industry activity. In 1983-84, the office, headed by Director Robert Scott, maintained its contacts with Texas-based purchasing offices of the United States oil and natural gas industry, and developed new contacts with the numerous Latin American and Southeast Asian purchasing offices located in Houston. These helped to facilitate the export of several million dollars of Alberta oil and gas machinery and equipment. The office also was involved in assisting a number of Alberta manufacturing companies to establish agency representation in Houston, and directed investment to Alberta.

International Visitors to Alberta

As a consequence of the world-wide economic downturn, there was a small decrease in the number of official international visits to Alberta in 1983-84. There was, however, continued strong interest on the part of foreign businesses and governments in Alberta's trade and investment opportunities. A special feature of the year was the XII Universiade, the World Student Games, held in Edmonton. Eighty-seven nations and over 4,200 athletes and officials participated in the games.

During 1983-84, the province's reputation for major resource developments, advanced research, and agricultural and energy-related expertise resulted in numerous visits by foreign and Canadian diplomats, government officials, journalists, businesspeople, academics, and other interested individuals and groups. Alberta's special relationships with Hokkaido (Japan), Heilongjiang (People's Republic of China), and Kangwon (Republic of Korea), resulted in increased activity. Tours were arranged to various parts of the province to accommodate the diverse interests of the foreign visitors. These visits can be broadly categorized according to their purpose as follows (it should be noted that one visit may consist of one to 50 participants; Universiade is counted as one visit only):

	1983-84	1982-83	1981-82
Familiarization Tours			
• Foreign Diplomats	44	31	36
• Canadian Diplomats	31	35	38
• Media	26	31	36
Trade and Investment	103	89	57
Energy	34	54	29
Agriculture	56	66	58
Culture and Education	29	44	35
Other	45	46	36
Total	368	396	325

During 1983-84 the number of foreign visits, missions and delegations totalled 368. The breakdown by country is listed in the following table with comparative figures for the two preceding years:

Country	1983-84	1982-83	1981-82
Japan	55	63	60
United States of America	52	42	39
Peoples' Republic of China	33	18	5
Federal Republic of Germany	26	31	17
United Kingdom	17	24	16
Australia	13	18	15
France	11	11	17
Republic of Korea	10	10	6
Union of Soviet Socialist Republics	9	6	11
Mexico	8	10	5
Peru	8	2	1
Israel	6	1	0
Sweden	6	4	2
Venezuela	6	4	1
Finland	5	1	3
Hong Kong	5	2	2
Malaysia	5	3	1
Hungary	4	4	8
India	4	6	4
Singapore	4	1	1
Argentina	3	4	2
Brazil	3	4	7
Egypt	3	1	1
Indonesia	3	2	1
Morocco	3	1	1
Pakistan	3	3	3
Saudi Arabia	3	5	3
Thailand	3	2	1
Ecuador	2	3	1
European Communities	2	0	0
German Democratic Republic	2	4	0
Netherlands	2	7	5
Switzerland	2	4	4
Costa Rica	1	4	0
Ivory Coast	1	3	2
Norway	1	9	1
New Zealand	1	4	6
Austria	0	5	0
Iceland	0	3	1
Nigeria	0	4	6
Other	43	63	66
Total	368	396	325

Highlights of 1983-84 included the visits by the Prince and Princess of Wales; the Right Honourable Margaret Thatcher, Prime Minister of the United Kingdom; Mikhil Gorbachev, member of the Soviet Politburo; and the governors of the States of Montana, Wyoming, North Dakota, and Idaho. Among other visitors to Alberta were the Ambassadors or High Commissioners to Canada of Australia, Brazil, Cameroon, Costa Rica, Egypt, the Federal Republic of Germany, Finland, Iraq, Japan, Mexico, Pakistan, Peru, Portugal, Sri Lanka, Sweden, Thailand, Uganda, the United Kingdom, the United States, and the USSR. The Canadian Ambassadors and High Commissioners to Australia, Egypt, Japan, Malaysia, the Organization for Economic Cooperation and Development (OECD), Switzerland, UNESCO, the United States, the USSR, and Venezuela visited Alberta on familiarization tours, in most cases prior to taking up their postings.

Relations with Foreign Countries

The United States of America

The United States remains Alberta's most important trading partner. In 1983, the value of Alberta's exports to the United States totalled $8.1 billion. Given the extent of the economic ties between Alberta and the United States, American policy developments are monitored closely by the provincial government. Congressional activity in the energy and trade fields are of particular interest.

With respect to natural gas, Alberta's attention focused on bills under consideration by the Senate and the House of Representatives that would have deregulated the price of natural gas. Some of the legislation contained provisions affecting the price of imported gas and the integrity of existing contracts to import gas from Alberta. None of the bills was passed by Congress in 1983-84, but their introduction resulted in considerable political pressure on the Canadian government to abandon the uniform border price governing the price of natural gas exports and to allow prices to be determined by the market. In response to this pressure and at the urging of the Alberta government, the Canadian government reduced the border price and instituted the Volume-Related Incentive Pricing plan under which larger volumes of gas can be purchased at cheaper prices. While these changes were welcomed in the United States, they were not enough to relieve American pressure on Canada's pricing policies or to generate significant new export sales for Alberta's depressed natural gas sector. Also of significance was the long-awaited release in early 1984 of criteria by which the United States will grant licenses to import natural gas. While the criteria do not affect existing contracts, they do specify that future licenses will be granted on the basis of price competitiveness.

Because of the importance of natural gas exports to the Alberta economy (approximately 700 billion cubic feet valued at $4 billion in 1983), Premier Lougheed and other ministers made several trips to the United States in 1983-84. The Premier visited Washington in May to meet with legislators and convey Alberta's position to the United States. In November he visited California, which takes roughly 50 per cent of Alberta's natural gas exports and where existing contracts to purchase Canadian gas were potentially threatened by state and federal legislation.

Another issue of importance to Alberta in 1983-84 was the United States proposal to levy a large tax increase on trucks operating within its jurisdiction. Using the bilateral Canada-United States consultative mechanism established last year to resolve outstanding trucking disputes, Alberta argued that trucks using roads in the United States on a part-time basis should not have to pay the full tax. While this issue remains of concern to the province, the impact of the tax on Alberta's truckers may be reduced by legislation introduced in Congress which would decrease the amount of the tax. At the urging of the Canadian Embassy, the legislation also contains a provision calling for a study of the impact of the tax on transborder trucking.

A matter of ongoing concern to Alberta was the pending decision in the United States to grant "Generally Regarded as Safe" (GRAS) status to canola oil. Alberta has been seeking this status from the United States Food and Drug Administration (FDA) since the mid-1970s. Such a ruling would provide an opportunity for substantially increased sales of agricultural products to the United States. Despite assurances made by the United States Ambassador to Canada, in a speech in Calgary, Canada had not received FDA approval by the end of the reporting period.

In the general area of trade, Alberta welcomed the decision by the federal government to discuss the possibility of negotiating sectoral free trade pacts with the United States. This announcement was made in August 1983 as part of a review of federal trade policy that signalled a shift away from the so-called "Third Option" and toward closer relations with the United States.

These issues and others were discussed by the Honourable James Horsman and Canada's Ambassador to the United States, Allan Gotlieb, during the Ambassador's visit to Edmonton in October. Mr. Horsman stressed the need for provincial involvement in maintaining harmonious relations with the United States, and called for more provincial involvement and consultation by the federal government in conducting Canada-United States relations.

Alberta's relations with the western states continued to expand in 1983-84. Premier Lougheed addressed the annual meeting of the Western Governors' Conference in Kalispell, Montana in June. At that meeting the governors unanimously passed a resolution calling for closer cooperation with the western provinces. In the spirit of the resolution, four western state governors visited the province in 1983 to promote bilaterial trade. Governor John Evans of Idaho led a trade delegation to the province in August; Governor Allan Olson of North Dakota followed in September; and Governors Ed Herschler of Wyoming and Ted Schwinden of Montana visited in November. In return, the Honourable James Horsman visited several western states over the course of the year beginning with Colorado and Montana in mid-June. While in Colorado he met with Governor Richard Lamm and members of his cabinet. In Montana he met with Governor Ted Schwinden; and presented a grant to the 49th Parallel Institute at Montana State University in Bozeman to help support its Canadian Studies program. Later in June, Mr. Horsman visited the Alberta trade offices in Houston and Los Angeles, where he met with private sector representatives and academics, and Canadian consuls-general. The Minister also visited Alaska in July, when he met Senator Ted Stevens and Lieutenant-Governor Stephen McAlpine, and again in September when he addressed the annual meeting of the Western Conference of the Council of State Governments.

The province continued its support of Canadian Studies programs in the United States. It provided three grants: $10,000 to the 49th Parallel Institute at Montana State University; $15,000 to the Association of Canadian Studies in the United States in Washington, D.C. (which is the coordinating body for Canadian Studies programs at American universities); and $5,000 to the Canadian Affairs program of the Centre for Inter-American Relations in New York. The purpose of these grants is to support the study and teaching of Canada in the United States and to encourage the inclusion of a western Canadian perspective in the programs.

Asia Pacific

Despite the global recession, countries of the Asia Pacific region (East and Southeast Asia) continued to emerge as economic powers in 1983-84. The region is of particular importance to Alberta's export-based economy, and considerable efforts were directed toward expanding Alberta's role as a Pacific Region trading partner. The importance of the area to Alberta is not only as a market for our traditional agricultural and resource exports but as a potential market for technical skills and technology in areas such as agriculture and oil and natural gas. In addition, Asia Pacific investors are assisting in the expansion of resource development in Alberta, and the diversification of the economy in sectors such as coal, agricultural processing, and banking.

Japan is currently Alberta's second largest trading partner, after the United States. Major exports to Japan include coal, grains, canola, and foodstuffs. Potential or expanded trade opportunities are foreseen for petrochemicals and agricultural machinery, as well as for agricultural products such as breeding swine, malt, and forage seed. Tourists from Japan also make an important contribution to Alberta's economy.

China is Alberta's fourth most important export market. In 1983, Canadian wheat sales to China totalled $917 million, the bulk of which originated in Alberta. Sulphur is the other major Alberta export to China, with sales valued at $24 million in 1983. Significant opportunities are foreseen for the sale by Alberta of oil and gas equipment and services, agricultural machinery, cattle-breeding stock, semen and embryos, hides, and malting barley.

As a result of China's concerns over its substantial trade deficit with Canada and since a large portion of Canadian exports to China originate in Alberta, the province has taken a lead role in promoting Chinese exports to Canada. To this end, Alberta was active in assisting in the organization of the "Great Trade Show of China", the largest exhibition of Chinese goods ever held outside China. (The event opened in Edmonton at the new Northlands Agricom in April 1984, and continued for 21 days, attracting more than 225,000 visitors.)

The Republic of Korea is an important market for Alberta's agricultural exports. There also have been some sales of coal and there is potential for export sales of petrochemicals.

Premier Lougheed's extensive visit to Asia in 1983 served to further considerably Alberta's interests in the region and confirmed the province's commitment to expanding trade and cooperation in the region.

The Honourable James Horsman visited Asia in December 1983. During his stay in Hong Kong, he had briefing sessions with the Agent General for Alberta, and staff of the Canadian High Commission. As well, he met with representatives of the private sector and visited Hong Kong University where he made a presentation of books on Alberta and Western Canada.

In Korea, Mr. Horsman's discussions centred on the up-coming (September 1985) tenth anniversary celebrations and the on-going activities of the special relationship with Kangwon. Escorted by the military attache from the Canadian Embassy, he toured the demilitarized zone (DMZ) at Panmunjon.

Meetings in Tokyo were held with representatives of the Japanese Ministry of Trade and Industry (MITI), and briefings were provided by both the Alberta office staff and Canadian Embassy officials. In anticipation of Senate reform, Mr. Horsman discussed and compared the Canadian and Japanese parliamentary systems with the President of the Diet (Japanese Upper House).

In Sapporo, capital of Alberta's sister province of Hokkaido, the Minister met with Governor Yokomichi and his officials as a follow-up to the Premier's visit earlier in the year. Book presentations were made at Hokkai Gakuen and Hokkaido Universities and the Northern Regions Centre (Hoppoken).

Europe

Alberta has long enjoyed a particularly close relationship with Europe, as a large number of the province's residents can trace their cultural origins to various European countries. Certain countries, such as the United Kingdom, also have special links with Alberta through institutions such as the British Army Training Units at Suffield and Wainwright.

Europe remained, throughout 1983-84, an important source of investment funds and technological expertise, and a significant market for Alberta minerals and agricultural goods. It also continued to serve as an important source of both tourists visiting Alberta and long-term business partners in joint economic ventures in either the province or Third World countries.

Prime Minister Margaret Thatcher of the United Kingdom visited Alberta in September 1983. During her stay, the British Prime Minister met with Premier Lougheed and the Honourable James Horsman. Discussions were held on world economic conditions, Alberta-United Kingdom trade relations, and energy developments as they affect both the province and Britain.

Other important visitors to Alberta included Lord Moran, the British High Commissioner to Canada; His Excellency Dietrick Hammer, the head of the Delegation for the European Economic Community in Canada; and the Ambassadors of various European countries, including Germany, Sweden and Finland.

A German parliamentary committee on Safety in Mining from North Rhine-Westphalia visited and held meetings with various Alberta ministers and senior officials on mining safety issues. Numerous other government and private sector representatives from Denmark, Finland, France, Federal Republic of Germany, Great Britain, Greece, Italy, the Netherlands, and Sweden visited Alberta on official business throughout the year.

Alberta representatives travelled to Europe on a number of occasions during 1983-84. In February, Premier Lougheed visited Sarajevo, Yugoslavia during the 1984 Winter Olympic Games to assist the XV Winter Olympic Games Organizing Committee (OCO '88) with its presentation to the International Olympic Committee. Afterward, the Premier also visited the United Kingdom and had discussions with Prime Minister Margaret Thatcher.

The Honourable James Horsman visited the Federal Republic of Germany, France, and Great Britain in February 1984. The purpose of his discussions in Germany was to examine the operation of the German federal system, with particular emphasis on the Bundesrat. The functioning of Upper Chambers is of particular interest to Alberta in light of recent discussions in Canada on Upper House reform. In Bonn and Hanover, the Minister met with a large number of elected representatives from the federal government, the Bundestag and the Bundesrat, including Dr. Franz-Joseph Strauss, the Prime Minister of Bavaria and President of the Bundesrat. In France, Mr. Horsman had meetings with Alain Poher, the President of the French Senate, and Andre Labarrere, the Minister of Parliamentary Relations, along with senior representatives of the OECD, UNESCO and the International Energy Agency. In Great Britain, the Minister's meetings with various members of the British House of Lords once more focused on the subject of Upper House reform.

The Honourable Horst A. Schmid participated in various Alberta Day activities in the Federal Republic of Germany in April 1983 and again in autumn. The Minister of Tourism and Small Business, the Honourable Allan Adair, visited Belgium, France, the Federal Republic of Germany, Switzerland, and the United Kingdom as part of the major promotional tour in conjunction with representatives of the Calgary and Edmonton convention centres.

In addition to the ministerial visits, the officials from Alberta Agriculture, Economic Development, and Tourism and Small Business also continued their regular sales missions and promotional visits throughout Europe during 1983-84.

Soviet Union

During 1983-84 the Soviet Union remained the third most important market for Alberta exports. In 1983, the Soviet Union purchased $1.6 billion worth of Canadian wheat and barley, much of it originating in Alberta. Sales of Alberta sulphur, and oil and gas equipment and machinery were each in the order of $15-20 million.

In May 1983 Mikhail Gorbachev, Soviet Politburo Member with responsibility for agriculture and other aspects of the Soviet economy, visited Alberta as part of an official visit to Canada. While in Alberta, Mr. Gorbachev had an opportunity to observe first-hand various facets of Alberta's agri-food industry. He and Premier Lougheed met to exchange views on the scope for continued economic cooperation between Canada and the USSR. In June, the Canada-USSR Mixed Economic Commission met for the first time since 1978, in Moscow, to revitalize the important government-to-government accord between Canada and the Soviet Union, which facilitates long-term economic as well as industrial, scientific, and technical cooperation. Federal and Intergovernmental Affairs coordinated a position paper outlining Alberta's views and interests with respect to the Mixed Economic Commission meeting which was submitted to the federal government.

Alberta's relations with the Soviet Union were adversely affected by the Soviet downing of a Korean airliner in September 1983. The incident took place during a time of gradual improvement in Canada-Soviet relations, following a cool period of several years arising from the 1979 Soviet invasion of Afghanistan and subsequent events in Poland. Alberta supported Canada's response to the Soviet action and followed the federal government's lead in subsequent dealings with the Soviet Union.

Latin America

Alberta continued its efforts to expand ties with Latin America throughout 1983-84, although the world recession and the debt problems of many of the countries in the region reduced the immediate market potential for many Alberta goods.

Mexico and Venezuela hold particular significance for Alberta since both nations are important customers for the province's oil and gas technology, services, and equipment. Mexico also is an important market for Alberta's agricultural goods and technology such as livestock, livestock genetics, and canola meal, while Venezuela holds considerable potential in many of the same areas.

Numerous sales missions by Alberta departments were conducted to both Mexico and Venezuela, and various representatives from the two countries visited Alberta throughout the same time period. Potential sales of oil and gas equipment were identified in Peru and Bolivia, and Alberta continued its developing economic relationships with many other countries in Latin America, such as Brazil and Cuba. Follow-up or exploratory missions were conducted by Alberta representatives to Colombia, Argentina, Uruguay, Chile, Panama, Guatemala, Costa Rica, Ecuador, Belize, Guyana, Jamaica, the Dominican Republic of Trinidad and Tobago.

Middle East and Africa

Considerable attention was focused on the Middle East as a result of the tensions associated with the Iran-Iraq War and the possibility that the Strait of Hormuz might be closed to oil shipments leaving the Persian Gulf. The province continued to monitor closely developments in the area.

A series of sales promotion visits took place to promote Alberta goods and services in both the petroleum-related sector and the agricultural sector. Trade promotion efforts in the area were complemented by visits to Alberta by representatives of Middle Eastern countries. Alberta continued to pursue initiatives in the Middle East, recognizing that significant benefits can be obtained for the Alberta business community.

Alberta's activities with the majority of African countries remain at the exploratory stage, but initial contacts are being pursued and trade opportunities may increase in future years, especially if the economies of the African countries show an upward trend. While oil-producing nations, such as Nigeria, appear to hold the largest potential for expanded commercial relations, exploratory missions to assess consulting, investment, agricultural, and trade opportunities continue to broaden the scope of Alberta's future economic relations with many other African countries.

International Economic Activities

Activities related to trade policy and trade promotion were the focus of attention during 1983-84. As a follow-up to the work program initiated by the 1982 Ministerial Meeting of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT), federal-provincial and interprovincial discussions of trade-related issues were held.

Canada's New Trade Policy

A major initiative undertaken by the federal government was the development of a Canadian trade policy for the 1980's. Extensive federal-provincial consultation on the direction Canadian trade policy should take led to the development among the provinces of a document entitled **Canada's Trade Policy for the 1980's, the Views of the Provinces**. This document was a major step in presenting a common provincial position on the important issues which Canada faces in attempting to meet the challenge of international trade development in the 1980s. The document was presented to the federal government, and was an important feature of the federal government's review of Canadian trade policy. The provincial document was subsequently released to the public at the 1983 Annual Premiers' Conference, held in Toronto in early August. The Premiers also issued a separate communique on international trade which proposed initiatives for Canada in order to secure the maximum benefits from international trade opportunities.

United States Sectoral Free Trade

An important element of the document submitted by the 10 provinces was the emphasis placed on improving trade relations with the United States and pursuing opportunities to expand access to markets in the United States. When the federal government released its discussion paper, entitled **Canadian Trade Policy for the 1980s**, in August 1983, it was evident that the federal and provincial governments held many similar views on trade policy issues. An important feature of the federal document was the decision to pursue discussions with the United States on potential free trade arrangements in specific industry sectors. The provinces encouraged this initiative and in the following months federal-provincial consultations continued, and initial exploratory meetings between Canadian and United States officials began. Canada's Minister of International Trade, Honourable Gerald Regan, met his United States counterpart, Trade Representative William Brock, in February 1984 to discuss particular sectors of interest to both countries and to set directions for future discussions. Alberta will continue to undertake initiatives to ensure that provincial interests and sectors of particular concern are addressed, and that access to United States markets for Alberta products is expanded.

Pacific Rim Conference

The importance of international trade to the Alberta economy was highlighted in a speech given by Premier Lougheed at the Pacific Rim Opportunities Conference held in Calgary, October 7, 1983. The Premier focused on the importance of the Asia Pacific region as a major market and outlined policy elements which were important to follow to ensure that Alberta and Canada secure the benefits of international trade.

The Premier noted that Canada probably has more to gain from free trade and more to lose from protectionism than any country in the world, and that Canada must take advantage of its strengths in international marketing. The strengths include the goodwill toward Canada around the world, superior technical skills, a highly competitive agricultural industry, high quality products, and a reputation as a reliable supplier. However, major improvements can be made and the Premier emphasized the need to improve competitiveness in many sectors, to encourage Canadian consortia and joint ventures by amending Canadian competition legislation, to improve the organization and coordination of trade efforts, to recognize the important role which governments can play particularly with regard to trade with Asian countries, and to ensure that most effective use is made of technology transfers. The Premier suggested that trade efforts of foreign controlled firms must result in benefits flowing back to Canada, that specific export strategies must be developed which concentrate efforts, and that education and training must give a greater orientation to international business.

The Premier concluded that more public and corporate funding must be devoted to international marketing. For success to be achieved in expanding Canada's international trade, there must be a full partnership among the federal government, the provinces, and the private sector in trade matters.

GATT Agriculture Talks

In developments associated with the work program initiated by the GATT ministerial conference, Alberta focused specific attention on the investigation of agricultural trade issues and agricultural subsidies. Alberta believes that Canada should pursue these international discussions on agriculture with the greatest diligence, with the objective of holding international negotiations leading to the elimination of the barriers to trade and the curtailment of excessive subsidization.

International Energy

Other international events of 1983-84 that had a significant bearing on economic issues occurred in the energy sector. The turmoil over oil prices which existed in the previous year subsided while prices remained relatively stable. However, of significant concern were the developments associated with the war between Iran and Iraq, the Iraqi threats to attack Iranian oil installations, and the Iranian counterthreat to close the Strait of Hormuz, thus blocking oil shipments from the entire Persian Gulf.

Other activities related to energy in 1983-84 included continued involvement in issues associated with the International Energy Agency which have an important impact on Alberta. They influence the environment in which Alberta products and services must compete and Alberta's attractiveness as a location for investment.

International Cultural, Scientific and Educational Activities

International cultural, scientific and educational activities are an important part of Alberta's relationship with other countries. They provide a valuable means to increase contact and improve understanding between peoples, to stimulate new ideas through interchange, to promote the development of our own artists, scientists and teachers, and to further trade and other economic goals of the province. For example, cultural, educational and sports exchanges are important elements of Alberta's special relationships with its three "sister" provinces in Asia. Alberta acts not only directly, by sending artists, exhibitions, educators, scientists, and other experts abroad, but also in cooperation with the federal government. Through its participation in Canada's bilateral cultural and scientific discussions with such countries as the United Kingdom, France, Germany, Japan, and Mexico, Alberta has expanded its contacts with these countries through a variety of exchanges in the areas of research and development, culture, sports, and education.

The period 1983-84 saw increased emphasis on the support of Canadian studies at universities and other institutions abroad with an interest in western Canada and Alberta. In addition to the grants made to some institutions in the United States, book donations, consisting of more than 50 volumes on the history, geography, literature, and people of Alberta and western Canada, were made to the libraries of 34 selected universities and organizations to supplement their collections in this field and the previous book donations by Alberta. The department also continued its distribution of Alberta government publications to key Canadian studies centres at universities outside Canada. This "information flow" program, first initiated in the previous fiscal period, has been well-received by all participants.

Alberta representatives also participate as part of Canada's delegations to several multilateral educational cultural meetings and, during 1983-84, Alberta played an active role on Canada's delegation to the 22nd Session of the UNESCO General Conference.

The area of international scientific exchange is of growing interest to Alberta; possibilities for cooperation were explored or initiated with countries such as Germany, Japan, France, and many others. Greatest emphasis is placed on the natural resource sector, with coal liquefaction, coal transportation, heavy oil and oil sands technology, and enhanced oil recovery being of particular importance. During 1983-84, for example, Alberta was an active participant in Canada's formal scientific consultations with the Federal Republic of Germany, pursuing avenues for cooperation in the area of coal liquefaction.

The year 1983-84 also saw continued activity by the Alberta Oil Sands Technology and Research Authority (AOSTRA) in the international sphere. Existing cooperative agreements for the development and exchange of technology in the fields of oil sands, heavy oil and enhanced oil recovery were pursued, with particular emphasis on activities with agencies in Peru, Heilongjiang in China, Romania, and Madagascar. These efforts bring benefits both to Alberta and the other countries involved, as they help to solve common technological problems, reduce costs through joint efforts, expand the available pool of expertise, and assist in the marketing of petroleum-related technology. AOSTRA also provides free analysis and testing services for countries which have hydrocarbon deposits similar to those in Alberta.

International Assistance

During 1983-84, The Alberta Agency for International Development continued its program of supplementing funds raised in the province by non-governmental organizations involved in a variety of international assistance projects in developing countries. Total funding amounted to almost $7 million, which was used to assist about 450 projects in 79 countries. Examples of the types of projects supported included health and medical services, agricultural and small industry development, vocational training, literacy programs, water provision, refugee assistance, and community development.

Premier Lougheed's Visit to Asia

Premier Lougheed's visit to Japan, China, and Hong Kong in August and September reaffirmed Alberta's interest in the Asia Pacific region and its close economic ties with the region.

In Japan, the Premier called on the Ministers of Foreign Affairs and International Trade and Industry, as well as the Vice-Minister of Agriculture. In bilateral trade discussions, the Premier stressed the reliability of Alberta as a supplier of wheat, canola, pork, beef, and other agricultural products, and of coal and petrochemicals. Both sides reaffirmed their support for a strong multilateral trading system and expressed regret at the protectionism which has increased with the global recession.

Premier Lougheed also met with members of the Japan Oilseeds Producers Association, which coordinates importation of Alberta canola seeds; the Japan National Oil Corporation to discuss Japanese investment in Canadian energy projects; the Japanese steel industry coordinators for Canadian coal procurement; and the Overseas Committee of the Japan Petrochemical industry. The Premier addressed the Canada-Japan Economic Committee of the Keidanren (Japan's powerful federation of economic organizations) on the potential for trade and investment in Alberta.

Premier Lougheed went on to Sapporo, capital of the Prefecture of Hokkaido, where he and Governor Yokomichi agreed to look at ways of expanding and strengthening the already extensive bilateral cooperation and exchange activity between the two provinces. The Premier noted the importance of the special relationship for the peoples of the two provinces, as well as their provincial and central governments. He suggested that future priority areas for exchange include medical research, sports, culture, northern regions (cold weather) research, education, and government administration.

In China, Mr. Lougheed was received by Vice-Premier Tian Jiyan in the Great Hall of the People in Beijing. He met with the Ministers of Foreign Affairs, Agriculture, and the Petroleum Industry, as well as the Vice-Minister of Foreign Economic Relations and Trade, and representatives of the China National Offshore Oil Corporation, and the China International Council for the Promotion of International Trade.

The Premier emphasized Alberta's reliability as a traditional major supplier of wheat to China, and the strong capability of the Alberta oil and gas equipment and service industry for assisting in the development of China's onshore and offshore hydrocarbon resources. As part of Alberta's commitment to promoting mutually beneficial two-way trade, the Premier stressed the full support of the Alberta government for the "Great Trade Show of China".

The Premier paid a special visit to Harbin, capital of Heilongjiang, in northeast China. There, he and Governor Chen Lei discussed the future of the special relationship and agreed to pursue greater cooperation in agriculture, animal husbandry, sports, culture, trade, and education. While in Heilongjiang, the Premier visited the Daqing oilfields, which produce one-half of China's petroleum and are similar to Alberta's oilfields.

In Hong Kong, Mr. Lougheed spoke to businesspeople about the excellent investment prospects and favourable free enterprise environment in Alberta.

Alberta's Special Relationships

Alberta is currently involved in three special relationships with provinces in Japan (Hokkaido), China (Heilongjiang) and South Korea (Kangwon). These unique affiliations are based on Alberta's strong economic interest in Asia, and the desire to develop further these and other interests in the Asia Pacific region. They provide an effective bridging mechanism, facilitating cooperation and exchange between different cultures. In addition, they allow Albertans to provide a common ground for cooperation in areas such as resource development, science and technology, industry, and agriculture, as well as in culture, sports, and education. In addition to the existing and potential commercial spinoffs and the value derived from exchanges of views and information, a further benefit of these relationships is the prestige and recognition that Alberta earns by participating in a unique and productive international initiative. The special relationships are managed and coordinated by the Alberta Government Committee on Special Relationships, which has representation from various departments, and which is chaired by Federal and Intergovernmental Affairs.

Hokkaido (Japan)

In 1983-84, a medical exchange agreement between Sapporo Medical College and the University of Alberta's Faculty of Medicine was signed, and two professors from Hokkaido came to Alberta under the program. There also were exchange visits between the University of Alberta's and University of Hokkaido's Faculties of Pharmacy, and an affiliation agreement between them was finalized.

Under the ongoing farm trainee exchange program, 12 dairy and beef farmers from Alberta went to Hokkaido and 14 from Hokkaido visited Alberta for eight months. An official of Alberta Agriculture visited Hokkaido to discuss the sale of cattle and to provide expertise on winter care of beef cattle.

The Deputy Minister of Alberta Recreation and Parks visited Hokkaido to sign a new sports exchange agreement. Various cultural groups from Alberta visited Hokkaido, and a "home stay visit" was hosted by Fushimi Junior High School in Sapporo for 60 students from its twin school in Edmonton, D.S. MacKenzie Junior High. During his visit to Hokkaido, Premier Lougheed presented a scholarship from the Province of Alberta for university students to study in Alberta.

There were also visits to Alberta by officials from the Governor's office and from the Hokkaido Northern Regions Centre to discuss further cooperation.

Heilongjiang
(People's Republic of China)

The Honourable Horst Schmid, and other officials from Alberta Economic Development and Edmonton Northlands visited Heilongjiang in June to discuss trade opportunities and to help prepare for the "Great Trade Show of China". Agriculture officials also visited to discuss specific areas of cooperation, including a farm demonstration project in Qiqihar, and Heilongjiang delegation visited Alberta to discuss forest management.

Representatives of the Alberta Oil Sands Technology and Research Authority visited Heilongjiang to discuss further cooperation in oil and gas technology; and, under the agreement on cooperation in petroleum technology signed in 1982, there was a further exchange of information. In addition, four teachers from Alberta spent eight months teaching English to technicians at the Daqing oilfield in Heilongjiang, in the first step of what will likely become an ongoing project.

A number of students from Heilongjiang came to attend the University of Alberta, the Northern Alberta Institute of Technology, and the Olds Agricultural College. Two scholarships for study at the graduate level in Alberta were presented to Heilongjiang by Premier Lougheed during his visit. The Vice-Chairman of the Department of English at Heilongjiang University began four months of teaching at the University of Alberta on an exchange visit, and the Chairman of the University of Alberta's East Asian Studies program visited Heilongjiang to discuss possible academic exchanges.

Kangwon
(Republic of Korea)

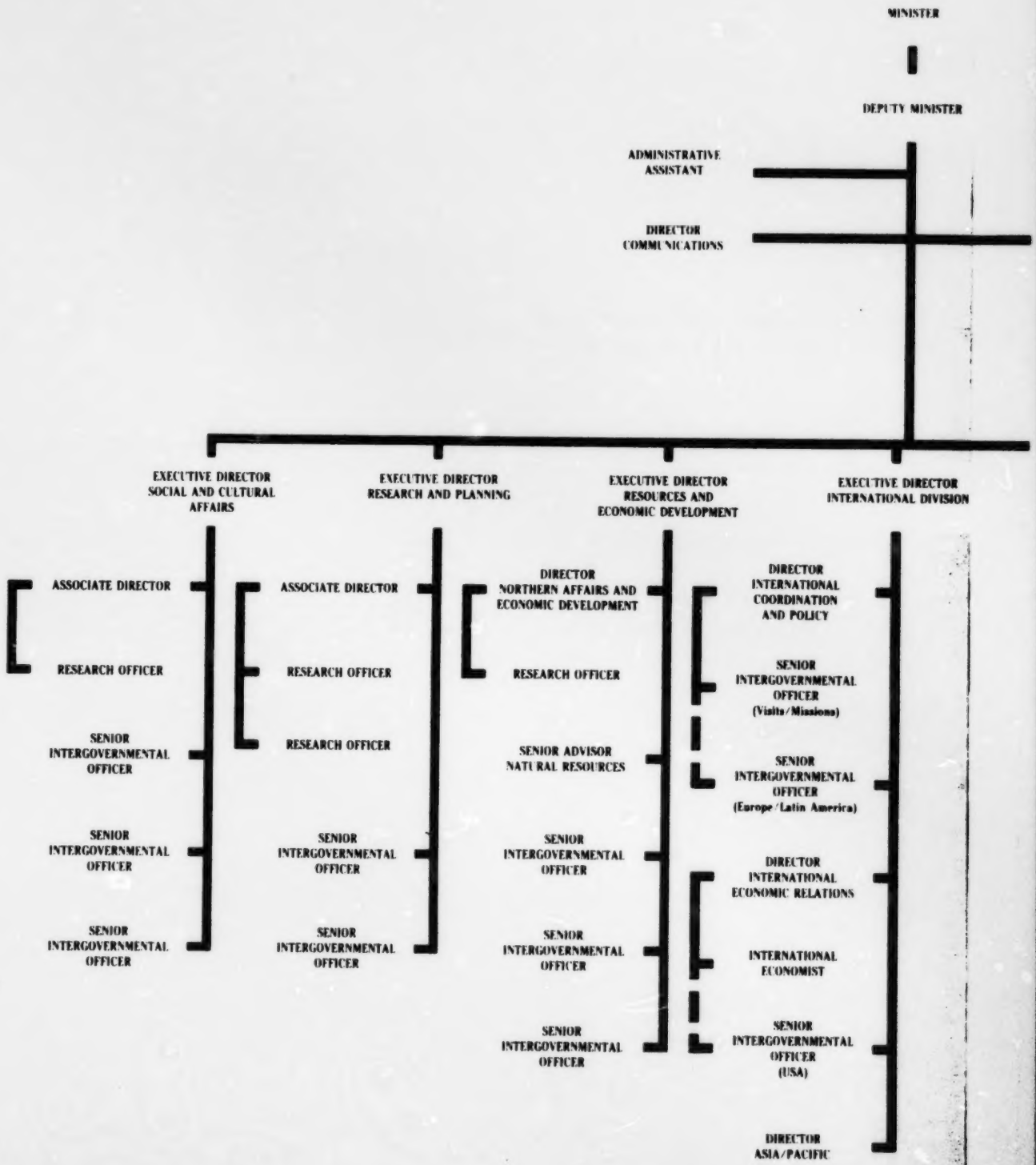
Exchanges with Kangwon included a visit by a University of Alberta Faculty of Education administrator to discuss possible cooperation, and the organization of a visit of 21 teachers of English from Kangwon to study at the University of Alberta in 1984. Professors of Chemistry and Mineral Engineering from Kangwon National University visited the University of Alberta. The ongoing Farm Demonstration Project sponsored by Alberta Agriculture continued to enjoy success.

During 1983-84, a number of significant issues of importance to the province occurred in the intergovernmental sphere. Bilateral negotiations with the federal government resulted in an amended energy agreement; multilateral constitutional discussions, among the federal government, the provinces, and Canada's aboriginal peoples, continued. Involvement by Federal and Intergovernmental Affairs in these and other issues helps ensure that Alberta's overall priorities, needs and interests are promoted, and that intergovernmental considerations are taken into account.

The subjects of pension reform, duplication of government services, and fiscal arrangements, including health care costs and funding, were discussed by all governments and will require future intergovernmental discussions and joint action. The challenges facing the federal and provincial governments require a commitment by governments to the principles and practice of cooperative federalism.

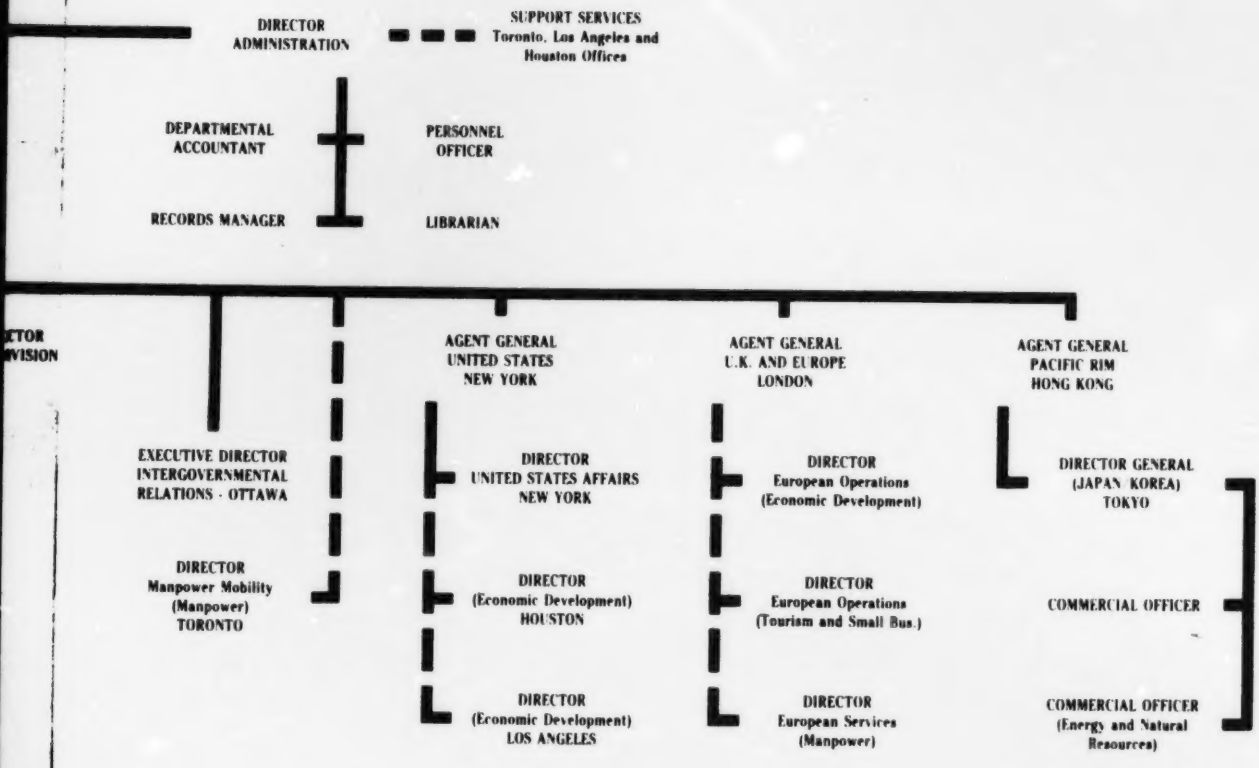
Appendix I

Organization Chart
March 31, 1984


MINISTER
DEPUTY MINISTER
ADMINISTRATIVE ASSISTANT
DIRECTOR COMMUNICATIONS
EXECUTIVE DIRECTOR SOCIAL AND CULTURAL AFFAIRS
ASSOCIATE DIRECTOR
RESEARCH OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
EXECUTIVE DIRECTOR RESEARCH AND PLANNING
ASSOCIATE DIRECTOR
RESEARCH OFFICER
RESEARCH OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
EXECUTIVE DIRECTOR RESOURCES AND ECONOMIC DEVELOPMENT
DIRECTOR NORTHERN AFFAIRS AND ECONOMIC DEVELOPMENT
RESEARCH OFFICER
SENIOR ADVISOR NATURAL RESOURCES
SENIOR INTERGOVERNMENTAL OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
SENIOR INTERGOVERNMENTAL OFFICER
EXECUTIVE DIRECTOR INTERNATIONAL DIVISION
DIRECTOR INTERNATIONAL COORDINATION AND POLICY
SENIOR INTERGOVERNMENTAL OFFICER (Visits/Missions)
SENIOR INTERGOVERNMENTAL OFFICER (Europe/Latin America)
DIRECTOR INTERNATIONAL ECONOMIC RELATIONS
INTERNATIONAL ECONOMIST
SENIOR INTERGOVERNMENTAL OFFICER (USA)
DIRECTOR ASIA/PACIFIC

Alberta

FEDERAL AND
INTERGOVERNMENTAL AFFAIRS



Appendix II

The Twenty-Fourth Annual Premiers' Conference
Toronto, Ontario
August 9-12, 1983

Communique No. 1: Sustaining the Economic Recovery

The ten Provincial Premiers at their annual conference in Toronto are encouraged by the fact that Canada is now entering a period of economic recovery sought for the last two years and focussed their attention on the means of sustaining that recovery.

Despite the improving economy, the Premiers expressed deep concern about the continuing large number of Canadians who are without jobs. They believe that an effective and lasting economic recovery must include the return of these Canadians to productive and permanent work. They were especially concerned about the future job prospects of young Canadians.

With those concerns paramount, the Premiers devoted the majority of their discussions to the means by which the recovery can be strengthened and people put back to work.

The challenge for government is to create the environment to sustain economic recovery.

The Premiers identified a number of elements essential to a comprehensive economic recovery strategy and permanent job creation and which would go a long way to sustaining consumer confidence and rebuilding investor confidence.

- improvements in Canada's international competitiveness;
- expanded international marketing activities;
- controlling government deficits;
- controlling the aggregate size of government relative to the total economy;
- discouraging a resurgence of inflation and high interest rates;
- cooperation among governments, business and labour;
- adapting the manufacturing and resources sectors to changing Canadian and world economic opportunities;
- renewed priority to applied research and development; and
- refocussing provincial education and training programs to serve these new industrial initiatives.

The Premiers emphasized that the benefits of the recovery must be shared by all the provinces of Canada.

The Premiers were emphatic that job creation in Canada is dependent to a considerable extent on our ability to compete in international markets. They said that the recovery can only be sustained if Canada can succeed in expanding its export markets. This underlines the fundamental importance of improving our cost competitiveness and enhancing our productivity.

Millions of Canadian jobs depend upon exports. But the strength of our competitors and rapidly-changing market demands makes the task of improving Canada's trade position more difficult. The Premiers noted, for example, that if Canada had maintained the share of world trade it held in 1970 an additional 700,000 direct and indirect jobs would have been created.

The Provinces are developing a comprehensive trade policy for the 1980s which would call for immediate and decisive action to spearhead Canada's drive for a larger and more competitive role in the world economy.

Among the specific points expressed by the Premiers in their exploration of trade issues were:

- removing unnecessary impediments to foreign investment;
- the need for more competitive world export financing arrangements;
- interprovincial collaboration in the formation of export consortia;
- the need for a determined effort to remove non-tariff barriers by our major trading partners;
- assisting the private sector to collaborate in international bids;
- collaborating on methods of increasing the export of services and provincial expertise; and
- the sharing of information of marketing opportunities.

The Premiers agreed that secure economic recovery must be accompanied by the need for continuing efficiency in the public sector so as to help control the size of government deficits. The Premiers expressed very real concerns that the size of government deficits in North America could put upward pressure on interest rates, levels of taxation, jeopardize international competitiveness and retard economic recovery.

The Premiers committed their governments to develop education and training programs more effectively geared to meeting the job requirements of a world-class competitive Canadian economy. Through better training of young Canadians and retraining of a sizeable portion of the current labour force, the Premiers agreed that a more technologically-skilled and adaptable work force can be achieved.

The Premiers, noting the fact that in recent years domestic expenditures in the area of research and development have seriously declined in relation to such expenditures in most other industrialized societies, emphasized the need for a substantial increase in our applied research and development efforts as a major factor in improving the competitivity of Canadian goods and services in international and domestic markets.

To ensure lasting recovery, the economic performance of all provinces of Canada must be enhanced. The Premiers reviewed measures that individual provinces have pursued to improve their economic performance. They shared information on the state of negotiations for new economic development agreements with the federal government.

The Premiers were emphatic that the federal policy of unilateralism is wrong and is not reducing regional disparities. They stressed that the federal government must work closely with the provinces both in the planning and implementation of economic development agreements and policies. Noting that the General Development Agreements entered into with all ten provinces expires on March 31, 1984, they instructed their appropriate Ministers to exchange information on the progress of economic agreement negotiations in the coming months. The Premiers also expressed deep concern with the recently-proposed federal industrial and regional incentives program.

The Premiers emphasized the constructive role the provinces can play in developing consensus on economic actions with labour and management in their own provinces.

The Premiers welcomed the contribution of the leaders of governments of Yukon and the Northwest Territories, attending the Conference as observers for the second year.

In concluding their discussions on economic development the Premiers agreed that Canada has natural advantages which appropriate policies can allow it to sustain a non-inflationary recovery while creating the jobs the people of Canada require.

Communique No. 2: Meetings with the Prime Minister on the Economy

In order to implement the measures mentioned in the communique on the economy, a cooperative attitude between the federal government and the provinces is required. In view, however, of the obvious reluctance of the Prime Minister to call a First Ministers' Conference on the Economy, the Premiers are suggesting that the Prime Minister visit individually with each Premier in his own province to discuss provincial economic priorities and programs.

Appendix III

Resolution Respecting Amendments to Canada's Constitution, June 3, 1983*

Moved by Mr. Horsman:
Be it resolved that:

Whereas the **Constitution Act, 1982** provides that an amendment to the Constitution of Canada may be made by proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and House of Commons and resolutions of the legislative assemblies as provided for in section 38 thereof;

And Whereas the Constitution of Canada, reflecting the country and Canadian society, continues to develop and strengthen the rights and freedoms that it guarantees;

And Whereas, after a gradual transition of Canada from colonial status to the status of an independent and sovereign state, Canadians have, as of April 17, 1982, full authority to amend their Constitution in Canada;

And Whereas historically and equitably it is fitting that the early exercise of that full authority should relate to the rights and freedoms of the first inhabitants of Canada, the aboriginal peoples;

Now Therefore the Legislative Assembly of Alberta resolves that His Excellency the Governor General be authorized to issue a proclamation under the Great Seal of Canada amending the Constitution of Canada as follows:

Proclamation Amending the Constitution of Canada

1. Paragraph **25 (b)** of the **Constitution Act, 1982** is repealed and the following substituted therefor:

   "**(b)** any rights or freedoms that now exist by way of land claims agreements or may be so acquired."

2. Section 35 of the **Constitution Act, 1982** is amended by adding thereto the following subsections:

Land claims agreements

"**(3)** For greater certainty, in subsection **(1)** "treaty rights" includes rights that now exist by way of land claims agreements or may be so acquired.

Aboriginal and treaty rights are guaranteed equally to both sexes

(4) Notwithstanding any other provision of this Act, the aboriginal and treaty rights referred to in subsection **(1)** are guaranteed equally to male and female persons."

3. The said Act is further amended by adding thereto, immediately after section 35 thereof, the following section:

Commitment to participation in constitutional conference

"**35.1** The government of Canada and the provincial governments are committed to the principle that, before any amendment is made to Class 24 of section 91 of the **Constitution Act, 1867**, to section 25 of this Act or to this Part,

(a) a constitutional conference that includes in its agenda an item relating to the proposed amendment, composed of the Prime Minister of Canada and the first ministers of the provinces, will be convened by the Prime Minister of Canada; and

(b) the Prime Minister of Canada will invite representatives of the aboriginal peoples of Canada to participate in the discussions on that item."

4. The said Act is further amended by adding thereto, immediately after section 37 thereof, the following Part:

"PART IV.1
CONSTITUTIONAL CONFERENCES

Constitutional conferences

37.1 (1) In addition to the conference convened in March 1983, at least two constitutional conferences composed of the Prime Minister of Canada and the first ministers of the provinces shall be convened by the Prime Minister of Canada, the first within three years after April 17, 1982 and the second within five years after that date.

Participation of aboriginal peoples

(2) Each conference convened under subsection **(1)** shall have included in its agenda constitutional matters that directly affect the aboriginal peoples of Canada, and the Prime Minister of Canada shall invite representatives of those peoples to participate in the discussions on those matters.

Participation of territories

(3) The Prime Minister of Canada shall invite elected representatives of the governments of the Yukon Territory and the Northwest Territories to participate in the discussions on any item on the agenda of a conference convened under subsection **(1)** that, in the opinion of the Prime Minister, directly affects the Yukon Territory and the Northwest Territories.

Subsection 35 (1) not affected

(4) Nothing in this section shall be construed so as to derogate from subsection **35 (1)**."

5. The said Act is further amended by adding thereto, immediately after section 54 thereof, the following section:

Repeal of Part IV.1 and this section

"**54.1** Part IV.1 and this section are repealed on April 18, 1987.

6. The said Act is further amended by adding thereto the following section:

References

"**61.** A reference to the **Constitution Acts, 1867 to 1982** shall be deemed to include a reference to the **Constitution Amendment Proclamation, 1983**."

Citation

7. This Proclamation may be cited as the **Constitution Amendment Proclamation, 1983**.

* Also proclaimed by the Government of Canada, June 29, 1983.

Ministerial Statement by Honourable James D. Horsman
June 3, 1983

Thank you, Mr. Speaker. The accord, which was signed by the Premier, contained certain constitutional amendments and, as the Speaker has noted, a number of preambles. A resolution respecting these amendments was tabled in the Legislature on Wednesday, and copies of the official text in both official languages are now available and are being distributed to members.

Also, I would like to take this opportunity to advise members of the Assembly that there is available for distribution the consolidation of the Constitution Acts of 1867 to 1982. Copies are now going to be distributed to all members of the Assembly for their own use. I am pleased to file copies of these documents with the Assembly, and I would ask that these now be taken to the Clerk of the Assembly.

Mr. Speaker, the resolution before this Assembly is an historic landmark. It proposed the first amendments to Canada's Constitution since its Royal Proclamation by Queen Elizabeth on April 17, 1982. Albertans can take particular pride in this event.

The principles underlying the amendment procedures contained in the Constitution Act of 1982 were incorporated in a resolution passed by this Assembly in 1976. The resolution reads in part:

> Be it resolved that the Legislative Assembly of Alberta, while supporting the objective of patriation of the Canadian constitution, reaffirm the fundamental principle of Confederation that all provinces have equal rights within Confederation and hence direct the government that it should not agree to any revised amending formula for the Constitution which could allow any existing rights, proprietary interests or jurisdiction to be taken away from any province without the specific concurrence of that province.

At the February 1979 First Ministers' Conference on the Constitution, the Government of Alberta introduced into the discussions a proposal for an amending procedure which followed the principles set out by the Alberta Legislature in 1976. The proposal initially received little support. However, over the next few years it garnered support. By April 1981, eight provinces had accepted the formula as the preferred procedure for constitutional amendment in Canada. Without our amending formula, it is highly unlikely that the governments in Canada would have been able to reach an accord on patriation and the amendment of Canada's Constitution at the November 1981 first ministers' conference.

The events leading to the November 5 constitutional accord and this subsequent resolution will not be easily forgotten by Canadians. I for one shall never forget the shock and dismay I felt when, on October 2, 1980, the Prime Minister announced his intention to proceed unilaterally to patriate the Constitution and entrench a Charter of Rights and Freedoms. That statement of Mr. Trudeau's, of his intention to proceed unilaterally, thrust Canada into one of the most dramatic periods in our history. This country, which had been born in a spirit of compromise and cooperation, was in turmoil. In fact, I think it is not too hard to say that our very existence as a nation was threatened. But in the spirit of compromise and cooperation, eight of the 10 provinces united to halt the unilateral process. They had three basic objectives: first, to develop alternative constitutional proposals; second, to familiarize United Kingdom parliamentarians with the events taking place regarding patriation and provincial reactions to them; and, finally, to challenge the federal initiatives in the courts.

On January 21, 1981, the report of the Foreign Affairs Committee of the United Kingdom Parliament released its recommendations, following an inquiry into the role of its Parliament in relation to the British North America Acts. I happened to be in London on that very day, for purposes of meetings on post-secondary educational matters, and I must say that I was delighted with the unanimous, all-party recommendations of the Kershaw report, as it became known after its chairman, Sir Anthony Kershaw. That report stated that the United Kingdom Parliament's

> fundamental role in these matters is to decide whether or not a request conveys the clearly expressed wishes of Canada as a whole, bearing in mind the federal charter of the Canadian Constitutional system.

With regard to the unilateral request for amendment and patriation, the report concluded that

> it would be proper for the United Kingdom Parliament to decide that the request did not convey the clearly expressed wishes of Canada as a federally structured whole because it did not enjoy a sufficient level and distribution of provincial concurrence.

The eight provinces were buoyed by the overall tone of the Kershaw report.

On April 24, 1981, wording of the proposed federal resolution was finalized by the House of Commons. But the resolution was set aside to await the decision of the Supreme Court of Canada on the question of the constitutionality of the federal government's unilateral process. The long-awaited decision of the Supreme Court of Canada came down on September 26, 1981, and it crushed the federal attempt to proceed unilaterally. In effect, what the Supreme Court said was that the proposed course of action by the federal government was wrong. The court concluded that:

> The agreement of the provinces of Canada, no views being expressed as to its quantification, is constitutionally required for the passing of the "proposed resolution for a joint address to Her Majesty respecting the Constitution of Canada and that the passing of this resolution without such agreement would be unconstitutional in the conventional sense".

The Supreme Court determined — and, by doing so, supported the provincial contention — that not only was there an established constitutional convention requiring provincial agreement to amendments to the British North America Act affecting provincial rights, but also that it would be unconstitutional for Parliament to proceed unilaterally without provincial consent. With that historic decision, the eight provinces were confident that the United Kingdom Parliament would not accede to the

federal requests. The federal government had no choice but to renew federal/provincial discussions in an effort to reach a made-in-Canada agreement on patriation and amendments to the Constitution.

The key to resolving the dispute became the amending formula. When the first ministers met in November 1981, the federal government and most of the provinces were anxious to reach a mutually acceptable consensus on the constitutional issue. The focus of the discussions became the amending procedure and the Charter of Rights and Freedoms. As a result of intensive and extensive negotiations and in a spirit of compromise, which is the Canadian way and is our trait, an accord was signed on November 5 by 10 first ministers of Canada: the Prime Minister and nine premiers. All but Quebec had reached the acceptable consensus.

Mr. Speaker, it saddens me that the Quebec government would not — felt it could not — sign the constitutional accord. As I have said on other occasions in this Assembly, it is this government's intention to pay particular attention to the legitimate concerns of the people and the government of Quebec relative to their place within Confederation and the effect of the Constitution Act upon that province. Appropriate ways must be found to ensure that the province of Quebec remains a full partner with us in the development and shaping of this country.

On November 10, 1981, my predecessor, the Honourable Dick Johnston, initiated the debate on the constitutional accord with the introduction of the following motion, which was passed:

> Be it resolved that the Legislative Assembly endorse and support the constitutional agreement for patriation signed by the Premier on behalf of Alberta on November 5, 1981.

I would be remiss, Mr. Speaker, if I did not mention that the government of Alberta is grateful for the patience shown by the United Kingdom parliamentarians, who acted as custodians of our Constitution for well over 100 years. We are grateful that they recognized the role and importance of the provinces in Canada as a federally structured whole.

Sir Anthony Kershaw and I have met on several occasions, and I know first hand of his great and abiding interest in Canada. I think it is appropriate to quote again from his committee's report, wherein it said that:

> The primary desire of the United Kingdom Government and Parliament is to maintain and enhance the warm and friendly relations with Canada which have subsisted over many decades and through two World Wars.

I thank God that our relationship has been preserved — and yes, enhanced — that our position in the Commonwealth continues, and that this nation, Canada, still remains united.

With the royal proclamation on April 17, 1982, the Constitution Act, 1982, came into force in Canada. The Act included a requirement on the part of first ministers to meet within one year of the proclamation to discuss constitutional items,

> including the identification and definition of the rights of [the aboriginal peoples of Canada to be included in the Constitution.

I should note that section 35 (2), which defines aboriginal peoples, for the first time included the Metis peoples of Canada as aboriginal peoples — a very significant inclusion.

Within Alberta, in anticipation of convening a first ministers' conference, consultation with the Metis associations of Alberta, a process which had begun in the fall of 1981, was intensified. In the summer of 1982, a joint committee comprised of Alberta cabinet ministers and leaders from the Metis Association of Alberta and the Federation of Metis Settlements was established to exchange views and information on issues related to aboriginal rights. Public funds were provided to these organizations to assist them with constitutional research projects and the development of position papers.

A great deal was achieved in that cooperative process. I want to pay tribute to my predecessor, the Honourable Dick Johnston, as well as to the Honourable Don McCrimmon, the then Minister responsible for Native Affairs, for their preliminary work together with the Metis groups. After the election of 1982, my colleague now responsible for Native Affairs and I began to meet with the Metis groups relative to establishing an Alberta position at the federal/provincial ministerial meetings held prior to and in preparation for the conference.

I'm delighted that Mr. Sinclair and Mr. Ghostkeeper are present today. I want to say personally that their cooperation throughout the whole process was exceedingly friendly and useful, despite the fact that, I think it's fair to say, we didn't agree on every single point. I think it was useful as well because, during the course of the process, it was possible for my colleague and I as new ministers to become personally acquainted with and to form what I think will be warm, personal links of friendship with the two leaders and their associates who met with us on several occasions. That will always be a highlight of my career as a member of the Legislative Assembly.

The first ministers' conference on March 15 and 16, 1983, has quite rightly been called an historic event. For the first time, the descendants of the original peoples of Canada — the Indian, Inuit, and Metis — together with representatives of the territories, participated in a first ministers' conference to discuss matters of particular concern to them. Alberta, through our Premier, assumed a very important role in ensuring that the Metis people of Alberta, Saskatchewan, and Manitoba were given separate representation at the table.

During that conference, it became clear that the far-reaching implications of the various subjects under discussion would require further careful consideration. It would have been unrealistic to expect that the conference would resolve all the important issues under discussion. We recognized clearly at the outset that the conference would only be a first step.

Taken in that context, the 1983 constitutional accord on aboriginal rights is a significant achievement. The accord was signed by 16 of the 17 participants at the conference: the first ministers of Canada, other than Quebec, as well as the government leaders of the Yukon Territory and the Northwest Territories, and the leaders of the national aboriginal associations. I should add that while Quebec did not sign the accord, they were present through their Premier, ministers, and other representatives, and took full part in the discussions. It was clear that the government supported in general the direction being taken with respect to the issue of aboriginal rights. Their reason for not signing the accord related to their concerns of November 1981 and did not relate in any way to a reluctance on the part of that government to see progress made with respect to defining and dealing with aboriginal rights in Canada in the long term.

The schedule to the accord — that is, the resolution now before the Assembly — includes the following proposed amendments to the constitution. First, Section 25 (b) of the Charter of Rights and Freedoms is amended. The proposed amendment is designed to protect "any rights or freedoms that now exist by way of land claims agreements or may be so acquired" in the future. The previous wording was of concern because, while it may have protected future land claims agreements, there was uncertainty regarding protection of existing land claims settlements.

Secondly, section 35 of the Constitution Act, 1982, is amended by adding two clauses. The first is similar to the proposed amendment to section 25: existing and any future rights by way of land claims agreements are recognized. The second addition, section 35 (4), is designed to ensure that aboriginal and treaty rights referred to in section 35 (1) are guaranteed equally to male and female persons.

Thirdly, the Constitution Act, 1982, is to be amended to include a new provision, section 35.1, which commits governments to the principle of consultation with aboriginal peoples prior to amendments to Canada's Constitution directly relating to them. This consultation will be accommodated through a constitutional conference of first ministers to which representatives of Canada's aboriginal peoples will be invited. The sections of Canada's constitution identified as relating to aboriginal peoples are section 91 (24) of the Constitution Act, 1867, federal legislative responsibility over Indians and lands reserved for the Indians; section 25 of the Constitution Act, 1982, protection for aboriginal rights in the Charter of Rights and Freedoms; and section 35 of the Constitution Act, 1982, rights of the aboriginal peoples of Canada.

Fourthly, the Constitution Act, 1982, is to be amended by including a new provision, section 37.1, which extends the constitutional review process in relation to aboriginal rights. At least two first ministers' conferences will be constitutionally required to be held by April 17, 1987. In addition to these constitutionally required conferences, the March constitutional accord provides for the convening of a first ministers' conference on aboriginal matters prior to March 15, 1984.

Mr. Speaker, this resolution before the House ushers in a new era in the evolution of Canada as a sovereign federal state. It is right and fitting that these first amendments to the Constitution Act, 1982, and the new Charter entrench and protect the rights of the descendants of the original peoples of Canada. Alberta is committed to maintaining the level of cooperation that prevailed with our native leaders in the preparation of this resolution. My colleagues and I welcome the opportunity to discuss further the concerns and aspirations of the aboriginal peoples of Canada.

I might point out, Mr. Speaker, that this is the second Legislative Assembly to address this resolution, the first being that of our sister province Nova Scotia. I understand that other Assemblies will be debating the resolution in the near future and that the government of Canada, in the not too distant future, will do the same.

In conclusion, Mr. Speaker, I want to say that Albertans can be justifiably proud of the role this government has played in the development of an amending formula. Our Premier, from his leadership in that development, has become, if I may use the term, an historic figure. I suppose it's perhaps not the best term, in view of his current and well known vitality. But in fact that is the case.

That amending formula will ensure and preserve the partnership in Confederation that exists, and must always exist, between the provinces and the federal government, if this great nation of ours, this Canada, this unique experiment in nationhood, will continue to exist to serve all peoples of Canada through its governments at all levels in the centuries ahead.

Thank you, Mr. Speaker.

Following a brief debate and unanimous agreement by members of the Assembly to have both official languages included in the record as part of the resolution, Mr. Horsman concluded with the following comments.

Mr. Speaker, I thank all honourable members. I'd like to conclude the debate with a quotation from Lord Tweedsmuir, a great Governor General of this country, speaking to a law assembly in the '30s:

> Law, I think, should be regarded as an elastic tissue which clothes the growing body. That tissue, that garment, must fit exactly. If it is too tight it will split, and you will have revolution and lawlessness, as we have seen at various times in our history when the law was allowed to become a strait-waistcoat. If it is too loose it will trip us up and impede our movements. Law, therefore, should not be too far behind or too far ahead of the growth of society, but should coincide as nearly as possible with that growth.

The same principle applies to the Constitution of this country. Let us keep those worthwhile thoughts in mind as we have made another step in this Assembly in the growth of that garment which clothes our nation: the Constitution of our country.

Thank you for the support on this resolution.

Appendix IV

Opening Statement by Premier Lougheed to First Ministers' Conference on Aboriginal Constitutional Matters March 8-9, 1984

Prime Minister, when we met last March, we began an important process of defining in modern terms the rights of the aboriginal peoples within Canada. Significant progress was made in March of 1983 in the form of agreement on constitutional amendments designed to ensure aboriginal sexual equality, to afford new land claims agreements the same constitutional protection as existing treaties, to ensure that there would be further First Ministers' Conferences to address the aboriginal constitutional issue and to affirm the principle that aboriginal people should be consulted on any future amendments affecting them.

Mr. Chairman, on June 3, 1983, the aboriginal constitutional amendments were passed unanimously by the Legislature of the province of Alberta. These amendments, which are the first amendments to the Constitution since its patriation, were subsequently passed by the federal government and a sufficient number of provinces to ensure that they will be entrenched in the Constitution. To my mind, Mr. Chairman, this in itself represents an important achievement for Canada's aboriginal peoples and all other Canadians.

As I stated last year, Alberta does not rule out the possibility of further constitutional amendments. However, having reviewed the reports from the ministerial meetings, which we view as progress reports, we still believe that legislative, program, and policy means are the best way to accommodate the aspirations of the aboriginal peoples.

For instance, approximately 3,500 Alberta Metis live on eight Metis settlements established through the Alberta **Metis Betterment Act**. These settlements were set aside not as a recognition of aboriginal right, but as a measure developed in the 1930s to assist one portion of the Alberta population. The **Metis Betterment Act** is currently being reviewed by a joint committee comprised of Metis and Alberta government representatives, chaired by the former Lieutenant-Governor of our province, Dr. Grant MacEwan. We anticipate that this review, which will be coming to us as we understand in the spring, may result in the recommendation of a number of changes in the Act which could provide greater self-government on the settlements. We think that is an important step because we believe the Metis settlements are an important initiative in terms of the issue of self-government and of land base for the Metis people.

But, Mr. Chairman, what about those Metis who do not live on the settlements? In Alberta, the majority of Metis live in mixed communities, many of which are in remote locations in the province or isolated communities and I would like to emphasize that point. As I have heard the conversation here and the presentations, it strikes me the very, very wide diversity of the problems that are there, and when we think in terms of taking action in terms of our province — and I want to refer to some other ones — we have to keep in mind both the diversity within our province, the very nature that most of these communities where the Metis reside are mixed communities, not all of them, and the difficulty of assuring that we have fairness and equity in actions that we take.

We have been looking at this challenge for quite a period of time and one practical example of our approach is in our northern communities in encouraging Metis and other residents to play a direct, active role in local government through locally elected councils. I think the Premier of Saskatchewan made an important point which hadn't been made earlier which was, let's keep in mind in the process here the implications of what we are discussing relative to municipal government.

A further concrete example in Alberta is the enactment by our legislature in the spring of 1983 of the **Northland School Division Act** which dramatically altered the governance of the province's largest school division, that is in the large part of the northern part of our province. The Northland School Division provides educational services to 28 predominantly Native communities throughout rural northern Alberta. The new Act guarantees that northern residents, and more particularly, parents, have the opportunity to participate effectively in decisions about the education of their children. In preparing this legislation considerable consultation occurred with the residents of these communities as well as with the Metis leaders in the province.

Agreement has also been reached with the Metis Association of Alberta on a grassroots process to develop solutions to meet their valid concerns within their communities. The process is well underway. The lessons learned from these discussions may assist everyone in the consideration of aboriginal constitutional issues which have been raised here today in this forum. More importantly, we anticipate that this Alberta process will lead to additional measures being taken within our province to respond to Metis concerns. I could deal with a number of others, but these are several practical measures that we have taken to strengthen self-government for Alberta Natives.

As I said last year, as a provincial government, Alberta's focus is upon its responsibilities for the Alberta Metis. However, in looking at these progress reports we have noted that other provinces, indeed many Metis organizations, maintain that Metis are a federal responsibility under the Constitution. This is clearly a matter that I think in the process of this we have to resolve. The government of Alberta also has a responsibility for the Indian people which we exercise by direct dealings with bands at their request to us. The aim of our involvement with Alberta Indians is to support the basic federal obligation established by treaties and by the Constitution. I may use an example. In June of 1983 Alberta signed a child welfare agreement with the Lesser Slave

Lake Indian Regional Council in response to that council's request to undertake the delivery of child welfare services to its members. This agreement provides a framework for cooperation with the Regional Council on Child Welfare without detracting from the federal government's important trust responsibilities for the Indians involved. Progress is being made in Alberta and I am certain in other jurisdictions. We have heard quite a bit of that already today.

In many ways it is easier to develop measures for one group of people in one jurisdiction than to agree upon constitutional provisions general enough to apply to all of Canada's aboriginal peoples, yet sufficiently precise that the implications of the provisions are evident. The diversity is really very great on this issue throughout the country and that is the challenge that we face in the national process we have here. Alberta in participating in these discussions is fully aware, and I emphasize this, of the difficulty of the task, but with a view that with time and mutual understanding positive results may be and frankly I say I believe more confidently than that will be achieved. The importance of these discussions that we are having today and tomorrow is that they are taking place, that aboriginal peoples have an opportunity to participate fully. Whether or not these discussions will eventually lead to further constitutional amendments is difficult to predict. In my view, however, these discussions and the mutual understanding, the greater awareness we are fostering around this table and across the country, cannot help but be positive to Canada. Thank you, Prime Minister.

Appendix V

News Release
Re: Energy Pricing and Taxation Agreement

CALGARY, June 30, 1983...The Minister of Energy and Natural Resources, the Honourable John Zaozirny, stated that the accommodation arrived at today with the federal government on oil and natural gas pricing issues arising out of the September 1981 Energy Agreement will have a positive and stabilizing effect on the energy industry in Canada.

The accommodation, which modifies certain provisions of the 1981 Canada/Alberta Agreement, will extend over a period of some eighteen months, during which time it is expected that the world energy picture will further stabilize.

While continuing to hold the view that Canada should move to market pricing for its crude oil, Mr. Zaozirny emphasized the significance of the amended agreement in ensuring that there will be no rollback of the current wellhead price of $29.75 per barrel for conventional old oil while continuing to provide for increases in the price of oil as outlined in the original agreement should world prices increase.

Other highlights of the amended agreement include:

- An extension of the New Oil Reference Price (NORP) to include oil previously described as Special Old Oil (specifically, oil discovered after March 31, 1974). The September 1981 Agreement applied the New Oil Reference Price only to oil discovered after December 30, 1980. This modification will significantly expand the percentage of oil qualifying for the international price improving the cash flow to industry.
- The application of the New Oil Reference Price to oil produced from infill wells. This provision is expected both to stimulate the level of drilling activity in the province and enhance industry cash flow.
- The pricing arrangement for natural gas provides stable prices for Canadian consumers until 1985 while, at the same time, providing for reasonable price increases to producers over that period of time. This will improve the prospects for increased natural gas sales by improving the market competitiveness of natural gas in relation to alternative fuels in Canada.
- During the period of the eighteen-month arrangement, the federal government has agreed to offset any increases beyond a nominal amount in the natural gas transmission charges on the TransCanada Pipeline system which would otherwise impact the netback to producers.
- Upon expiry of the amended agreement, the Alberta border price for natural gas in effect as of August 1, 1984 will increase by 25 cents per mcf every six months as scheduled in the Canada/Alberta Energy Agreement of 1981.
- The two governments will explore, in consultation with the consuming provinces and industry, incentives to increase the sale of natural gas in Canada in addition to the incentives already contained in the Market Development Incentive Payment Program.

"I am pleased," Mr. Zaozirny said, "that the amended agreement moves Alberta oil production significantly closer to market pricing. Thirty-five per cent of Alberta production will now receive the international price as a result of the expansion of the New Oil Reference Price."

Mr. Zaozirny added, "The amended agreement, combined with the major initiatives taken in our April 1982 Oil and Gas Activity Program which returned $5.4 billion to industry in significant royalty reductions, our enhanced oil recovery program, and the special efforts taken to solve shut-in oil problems, will provide industry with the necessary incentives and improved cash flow to continue an aggressive drilling and exploration program in Alberta."

The Minister added that during the course of these recent negotiations, Alberta emphasized the importance of an immediate, positive decision by the federal government on the natural gas export pricing proposal of Alberta and industry. A prompt decision is essential to maintain United States market share, provide opportunities for increased sales, and minimize the possibility of adverse legislative action in the United States.

Agreement to Amend the Memorandum of Agreement of September 1, 1981 Between the Government of Canada and the Government of Alberta Relating to Energy Pricing and Taxation June 30, 1983

Energy Pricing and Taxation

In recognition of changes in circumstances, the Government of Canada and the Government of Alberta have agreed to the following amendments to the Memorandum of Agreement ("Agreement") entered into by them on September 1, 1981, relating to the pricing and taxation of crude oil, natural gas and synthetic crude oil and natural gas liquids produced in Alberta.

A - Terms of Amending Agreement

1. The term of this Amending Agreement shall commence on July 1, 1983, and shall end on December 31, 1984, except for paragraphs C.1 to C.6 inclusive and sections D and E inclusive in respect of which the term shall end on January 31, 1985 and paragraph C.7 which shall survive this Amending Agreement.

B - Effect of Amending Agreement

1. In case of conflict during the term of a provision of this Amending Agreement, as set out in paragraph A.1, such provision shall supersede a conflicting provision of the Agreement.
2. The Government of Canada and the Government of Alberta will take such steps as are necessary to obtain, by August 1, 1983, the necessary authority to implement any amendments to the Canada/Alberta Memorandum of Agreement respecting Gas Pricing and Market Development Incentive Payments of November 25, 1981 ("Gas Pricing Agreement"), that may be required as a consequence of this Amending Agreement.

C - Natural Gas Prices

1. For purposes of this Amending Agreement "Alberta border price" means the price at which Alberta produced natural gas that enters into interprovincial or international trade leaves the province. The applicable Alberta border price at July 1, 1983 is $2.5757 per MCF.
2. The Alberta border price shall be 65 per cent of the Toronto Refinery Acquisition Cost ("TRAC") less:

   (a) the tolls, as determined by the National Energy Board, for the movement of gas from the Alberta-Saskatchewan border to the Eastern Zone of TransCanada PipeLines ("TCPL") for CD service at 100 per cent load factor. These tolls shall be adjusted by an amount equal to the reduction in the impact of increases in natural gas transmission tolls achieved under section E;
   (b) the Canadian Ownership Special Charge ("COSC"); and
   (c) the Natural Gas and Gas Liquids Tax ("NGGLT"), if any.
3. The Alberta border price on August 1, 1983 shall be $2.8257 per MCF.
4. The change in the Alberta border price for each of the six month periods commencing February 1, 1984 and August 1, 1984, respectively, shall be the lesser of:

   (a) 65 per cent of TRAC less:
      (i) the tolls referred to in subparagraph C.2 (a);
      (ii) the COSC on natural gas; and
      (iii) the Alberta border price prevailing in the previous six months; and
   (b) 25 cents per MCF.
5. The Toronto Refinery Acquisition Cost, as expressed in equivalent energy units, shall equal the sum of

   (a) the price of conventional old oil;
   (b) the Petroleum Compensation Charge;
   (c) the COSC as applicable to crude oil;
   (d) the transportation cost of moving Alberta crude oil to Toronto including:
      (i) the average cost of moving oil to the terminals of Interprovincial Pipeline as determined by the Alberta Petroleum Marketing Commission and,
      (ii) the average cost of moving Alberta crude oil through the Interprovincial Pipeline to Toronto as determined by the National Energy Board.

6. For further clarity, 65 per cent of TRAC shall be equal to the Toronto Wholesale Price calculated on the basis of the current practice, which shall include the NGGLT if the natural gas/crude oil parity permits.

7. The Alberta border price in effect as of August 1, 1984, will increase by 25 cents per MCF on February 1, 1985 and at the commencement of each six month period thereafter as specified in the Agreement.

D - Natural Gas and Gas Liquids Tax

1. No NGGLT on natural gas shall be levied by the Government of Canada when the Alberta border price then in effect, is less than the price provided for in the schedule contained in paragraph 4 of the Gas Pricing Agreement.

E - Reduction of the Impact of Transmission Tolls and the COSC

1. In recognition of the commitment by the Government of Alberta to the natural gas/oil price relationship contained in section C, the Government of Canada will be seeking, as one of the uses of COSC, such authority as may, in its view, be required to enable it to reduce, subject to paragraph E.2, the impact of increases in natural gas transmission tolls to the Eastern Zone of TCPL.

2. The undertaking set out in paragraph E.1 shall apply only to the portion of the increases referred to in that paragraph which, in the period from August 1, 1983 to January 31, 1985, is, in aggregate, in excess of five per cent of the current levels of such tolls.

F - Additional Natural Gas Sales Incentives

1. The provisions of the Gas Pricing Agreement with respect to Market Development Incentive Payments remain in full force and effect. In addition thereto, the Government of Canada and the Government of Alberta will explore, in consultation with consuming provinces and industry, additional means of increasing the sale of natural gas into Canadian markets, particularly industrial markets, east of Alberta through additional price or other incentives.

G - Prices for Conventional Old Oil

1. For the purposes of section G "actual international price" means the average cost of imported crude oil laid down at Montreal, as determined by the Department of Energy, Mines and Resources.

2. The Governments of Canada and Alberta are agreed that the overall average field price of conventional old oil ("domestic price") shall be $29.75 a barrel provided that:

   (a) if the actual international price of oil increases in any month such that the domestic price, plus transportation costs to Montreal, adjusted for quality, is less than 75 per cent of the international price by more than one per cent, the domestic price will be increased to the 75 per cent level, provided that any such increased price does not exceed the scheduled price for that period as set out in Table I of the Agreement; and
   (b) if the actual international price decreases in any month such that the domestic price plus transportation costs to Montreal, adjusted for quality, exceeds 100 per cent of the actual international price by more than one per cent, the domestic price will decrease so as not to exceed the actual international price, provided that, subject to subparagraph G.2 (a), if in any subsequent month the actual international price increases, the domestic price will be allowed to rise either to the highest level previously attained or the actual international price, whichever is lower.

H - Further Limitation on Prices

1. Further to the commitment made in the Agreement, the Governments of Canada and Alberta, in consultation with the governments of other producing provinces, agree to complete a review, by November 30, 1983, of the manner of calculating quality differentials applicable to the New Oil Reference Price ("NORP") program in order to ensure that, if certain prices for oil of particular qualities are exceeding the prices of international oil of equivalent qualities, such differentials will be adjusted prior to January 1, 1984 to ensure that this does not occur.

I - Extension of NORP for SOOP

1. The Special Old Oil Price ("SOOP") program as announced in the National Energy Program Update of May 1982 will be revised. Oil that qualifies under the SOOP program will receive the NORP effective from July 1, 1983.

J - Extension of NORP for Infill Drilling

1. Effective July 1, 1983 the NORP will be extended to crude oil production from all new wells drilled within a pre-NORP oil entity. In order to qualify the oil must be produced from a well which:

   (a) has a finished drilling date occurring on or after, July 1, 1983;
   (b) is in a drilling spacing unit in which no well had been completed prior to July 1, 1983;
   (c) is completed in a pool for which the subsisting spacing units as of July 1, 1983 comprise 16 hectares (40 acres) or greater;
   (d) is completed in a pool for which the area of the drilling spacing unit is not less than the area of the drilling spacing unit in effect as of July 1, 1983; and
   (e) is within a pre-NORP oil entity.

2. The Government of Alberta retains the right to alter or amend the Alberta Royalty Regulations to ensure that in the event of decline in oil prices, effective July 1, 1983, the royalty payable from a combination of NORP pricing and new royalty status for infill wells will not be less than that payable under the combination of conventional old oil pricing and old oil royalty status, as calculated for any individual oil well.

Dated at Calgary, this 30th day of June, 1983.

THE GOVERNMENT OF CANADA

Jean Chretian
Minister of Energy, Mines and Resources

THE GOVERNMENT OF ALBERTA

J. Zaozirny
Minister of Energy and Natural Resources

Appendix VI

Alberta in Canada: Strength in Diversity

Highlights

Alberta has vast potential and significant opportunities. Its natural strengths are considerable: rich farmland, vast energy resources, large tracts of forests, abundant water supplies, a varied and scenic countryside, thriving urban centres, and a creative, highly educated, and industrious populace. However, as a land-locked province with a relatively small population base, Alberta has faced some difficult problems in its efforts to build upon its natural strengths. To a considerable extent, these problems have been aggravated by federal trade, transportation, energy and economic development policies. The lack of capital available for investment within Alberta, and the reluctance of Canadian banks and investors to invest in Alberta, resulted in the need to attract foreign capital. This was particularly true in the development of the petroleum industry prior to the mid-seventies.

Historically, Alberta's prosperity has been dependent on international market forces for the sale of its key commodities — grain and, since 1947, crude oil and natural gas. Recognizing the need for some diversification and a more balanced pattern of economic growth in all regions of the province, the Government of Alberta, since 1972, has fostered an environment which has encouraged the private sector to build upon the province's strengths. A number of policy measures have been initiated which have provided the foundation for private sector initiatives and have reduced impediments to economic development. The basis for future development and growth has been laid.

Much of Alberta's current economic strength is dependent upon depleting natural resources. A unique challenge of the provincial government was to ensure that the income derived from the sale of these resources was equitably shared between present and future generations. In 1976, Alberta created the Alberta Heritage Savings Trust Fund to set aside a portion of resource revenues so that future generations of Albertans also could benefit from these resources. Its policy measures have included a "savings trust" philosophy, which has assisted in establishing an attractive investment climate and a mood of confidence regarding Alberta's economic opportunities.

Other policy measures and initiatives introduced by the Government of Alberta include:

- extensive trade promotion efforts both to assist Alberta industry in penetrating world markets, especially in the Pacific Rim, and to encourage investment in Alberta;
- support of research and development through such agencies as the Alberta Research Council, the Alberta Oil Sands Technology and Research Authority, the Food Processing Development Centre, and the Farming for the Future programme;
- stimulation of the growth of a scientific and academic community through the Alberta Heritage Scholarship Fund and the Alberta Heritage Foundation for Medical Research Endowment Fund;
- investment in the transportation system, such as purchasing grain hopper cars and inland terminals, supporting the development of port facilities in Prince Rupert and Vancouver, and expanding road and airport facilities;
- investment in the improvement and expansion of the irrigation system;
- investment in enhancing and renewing the forestry resource;
- establishment of recreational areas; and
- expansion of available capital through the Alberta Opportunity Company, Alberta Agricultural Development Corporation, Alberta Home Mortgage Corporation, and Vencap Equities Limited.

The private sector has responded to this climate for investment. It was instrumental in developing a petrochemical industry in Alberta, expanding the production and processing of forestry and petroleum products, bolstering the food processing industry, fostering a growing financial sector within the province, and enlarging the tourism sector. These successes provide a foundation upon which Albertans can build for the future. In order to realize fully our potential, however, greater efforts must be made to upgrade our resources within the province and to strengthen and expand our markets.

Overview

The purpose of **Alberta in Canada: Strength in Diversity** is to share with Albertans, and indeed with all Canadians, the views of the Alberta government on issues related to Canada's and Alberta's future economic prospects and the full realization of the province's and the country's tremendous economic potential.

Several themes are developed throughout the paper:

- because Canada is dependent on foreign markets, Canadians must take measures to meet the challenges of a world in which these markets are increasingly difficult to penetrate and maintain;
- the private sector is the driving force of economic growth;
- through increased productivity and economic growth, the economic and social well-being of Canadians can be improved;
- governments have an important role to play in creating a positive climate for private sector initiative;
- Canada's economic potential lies in recognizing and building upon the strengths of its provinces and regions; and
- governments in Canada must renew their commitment to intergovernmental cooperation and consultation.

Appendix VII

Joint Statement by Provincial Finance Ministers and Treasurers on Federal Proposal to Reduce Health and Post-Secondary Education Funding April 11, 1983

Canada's system of federal-provincial financing for health care and post-secondary education has been dealt a new blow by recent announcements regarding the federal government's plans for far-reaching changes to Established Programs Financing, following close on the major financial reductions of the past year. The combination of federal proposals would effectively dismantle the EPF arrangement, and further reduce the level of federal support. Provincial Finance Ministers and Treasurers today are releasing an important statement to inform Canadians of the effects that such unilateral federal actions would have on the future of these major social programs.

This new round of transfer reductions is unwarranted and would further threaten program viability. EPF payments already entered a period of major restraint in this past fiscal year. The unilateral federal decision to eliminate the Revenue Guarantee component in EPF reduced Ottawa's transfers by almost $1 billion in 1982-83 and an ever-rising amount in subsequent years. It also meant that, even under the federal interpretation, EPF entitlements in 1982-83 increased by a mere five per cent, while provincial spending on health and post-secondary education rose by about 15 per cent. In addition, over the next three years, the natural workings of the lagged GNP escalator will produce very restricted growth in federal transfers due to the serious drop in the real size of the economy in 1982. Provincial spending requirements in health and post-secondary education certainly are not modified by weak economic performance. In fact, these spending needs become greater during a major recession.

When the original EPF compromise was reached in late 1976, provinces accepted the risk that program costs might outstrip federal transfer growth. The provinces are continuing to meet their full responsibilities under the EPF arrangement, but they are experiencing increasing difficulty in maintaining quality programming in the face of repeated federal cutbacks. All provinces agree that the proposed federal limits would merely pass yet more of the federal deficit down to the provinces, raising the five-year EPF losses through 1986 to an estimated total of at least $6.2 billion.

The EPF blockfunding principle should be maintained. When EPF began in 1977, it was hailed as a major step forward in federal-provincial cooperation. In return for predictability and stability of payment flow, the federal government promised provinces a long-term "blockfunded" arrangement which was to provide provinces with more flexibility in program design and delivery. This was a fundamental underpinning of the new arrangement. It reflected a widespread recognition of the need for governments to seek more efficient and effective service delivery.

The federal government is threatening to undermine the EPF principles of long-term certainty and stability, and is attempting to manipulate provincial actions in these major social programs. It is proposing to split EPF formally into separate health and post-secondary education components and apply arbitrary caps to what it considers to be its support for post-secondary education. It has stated that by 1985 it may abandon unconditional blockfunding and impose further cutbacks in respect of post-secondary education. It is drafting new national health legislation that threatens to impose costly new spending conditions with no federal sharing in the increased costs. It has proposed measures to limit provincial revenue-raising powers. It continues to be critical of provincial priority-setting in these areas of provincial jurisdiction.

Canada cannot afford the luxury of new entanglements and duplication by its governments. The EPF principle of unconditional equal-per-capita grants has proven an effective method of supporting our health and post-secondary education systems and should be maintained.

The federal proposal for splitting EPF bears no relationship to actual provincial spending on health and higher education. When, in 1977, the federal government decided to channel to the provinces part of EPF cash via the Department of National Health and Welfare and the remainder via the Secretary of State, this action and the ratio used were of no consequence to the provinces. They remained unrestricted in their use of EPF funds and in setting their priorities for health care and higher education. The percentage adopted by Ottawa for post-secondary education was 32.1 per cent, even though total provincial spending on this program at that time accounted for only 27.2 per cent. Since that time, cost pressures in the health sector have exceeded those in post-secondary education, reducing this percentage further to below 25 per cent on average, with percentages differing somewhat from province to province.

This matter is of great importance because the federal government has used its arbitrary split to state that it is contributing an inappropriately large share of post-secondary education financing. Implicit in this argument, and the federal ratio used, is the suggestion that provinces spend too much on health and too little on post-secondary education. Indeed, by proposing to apply ceilings to the 32.1 per cent of EPF that is arbitrarily ascribed to post-secondary education, the federal government would also cut back a portion of its contributions to health care.

The federal government's support of Canada's health system is declining. While federal ministers continue to refer to a high level of federal contributions to post-secondary education resulting from the inaccurate split, they conveniently ignore the steady erosion of federal support for Canada's health system. Even if one were to use the federal methodology, Ottawa's support of total provincial health spending peaked at 47.8 per cent in 1979-80 and by 1982-83 had fallen below 40 per cent.

The federal government is on a path of bringing down to 50 per cent what it asserts to be its share of post-secondary education spending. This would be understandable if, at the same time, it set out to raise its share of the costs of the health care system to 50 per cent as well. In order to do so, federal transfers should have been some $2.3 billion higher in 1982-83 alone.

Instead, given the persistent and severe spending pressures in the health care system, as a result of changing demographic patterns and high-cost new technologies, the EPF transfers designated by Ottawa to health will continue to cover a declining share of costs for some time to come. This fact places considerable stress on the provinces' capacity to maintain quality health care, leading to tax increases, higher provincial deficits, and reduced provincial scope for other priorities.

Above all, this trend makes totally unacceptable any unilateral federal health legislation that imposes additional cost pressures or revenue-raising restrictions, without an improved federal share in program costs.

The issue of accountability must be addressed. The federal government has expressed concern about the visibility and credit it gets for the large transfers it makes to the major social programs. This issue raises the question of whether or not the federal government should be held accountable for the tax portion of provincial EPF entitlements.

Throughout the history of EPF, the federal government has laid claim to the income taxes levied by the provinces as part of the 1977 arrangement. However, these tax points in EPF are funds for which the provinces are accountable, not the federal government.

This is a complex issue, but the principle is straightforward. The federal government is accountable to Parliament only for the roughly 21 per cent of the costs of health and post-secondary education that it transfers to the provinces in the form of cash payments from its own resources. The provinces have jurisdiction over these programs and are also accountable for the bulk of the financing through provincial taxes. This is a far cry from the impression one gets listening to federal ministers.

Stability and fairness in the financing of the EPF programs can only be restored through genuine negotiation. The provinces recognize the importance to all Canadians of maintaining high quality health and post-secondary education programs across the country, and of the financial contribution the federal government is making through EPF. Program ministers from both orders of government are currently engaged in discussions on the long-term issues confronting each of these areas. The provinces support the search for improvements in the programs, but they are concerned that the repeated federal cutbacks of recent years are undermining the climate for successful negotiations. They are also concerned that too little attention is being paid by the federal government to the financial implications for provinces of the various proposals advanced by federal program ministers.

For these reasons, the provinces are requesting the federal government to refrain from further cutbacks proposed for the next two years and to commit itself to negotiate, with provincial finance ministers, future arrangements for the financing of health and post-secondary education in light of any recommendations made jointly by the program ministers. A federal commitment to genuine and comprehensive negotiation is essential if past levels of cooperation are to continue.

The provinces have repeatedly demonstrated their willingness to discuss federal concerns with the operation of EPF. The onus is clearly on the federal government to show that it, too, is prepared to negotiate responsibly and not, through further unilateral action, put in jeopardy the quality of health care and post-secondary education that Canadians have come to expect.

Appendix VIII

List of Federal-Provincial Programs and Agreements in Effect in Alberta, March 31, 1984, by Department Responsible

Advanced Education and Manpower

Advanced Education

1. Canada Student Loans
2. Charles Camsell Hospital Nursing Assistant Agreement
3. Citizenship Instruction and Language Textbook Agreement
4. College St. Jean Agreement
5. Drumheller Correctional Institutional Education Program
6. Edmonton Penitentiary Agreement
7. Federal-Provincial Program for Assistance to Minority Language Instruction
8. Instructor and Administrator Staff Secondment
9. Post-Secondary Education Financing Program
10. Universities Academic Pension Board Canada Agreement

Manpower

1. Canada-Alberta New Employment Expansion and Development Program
2. Canada-Alberta Forestry Employment Budgetary Program Agreement
3. Canada-Alberta National Training Act Agreement

Agriculture

1. All-Risk Crop Insurance Program
2. Canada-Alberta Agricultural Research Agreement
3. Canada-Alberta Subsidiary Agreement on Nutritive Processing Assistance
4. Comprehensive Egg Marketing Program
5. Comprehensive Turkey Marketing Program
6. Federal-Provincial Shared Cost 4-H Agreement
7. Milk Marketing Plan
8. Program for the Artificial Insemination of Swine
9. Record of Performance Program for Swine

Alberta Disaster Services Commission

1. Emergency Health Services - Prepositioning of Emergency Medical Supplies
2. Emergency Preparedness Financial Assistance Program (FAP)
3. Radiac Instrument Maintenance Program

Alberta Housing Corporation

1. Community Housing Program
2. Municipal Non-Profit Housing Program
3. Rural and Native Housing Program
4. Rural Home Assistance Program
5. Senior Citizens Self-Contained Program

Alberta Research Council

1. Agreement to Provide Space to the Western Regional Laboratory of the Canada Department of Energy, Mines and Resources
2. Fuel, Lubricants, Liquid Nitrogen, and Oxygen Testing for the Department of National Defense

Attorney General

1. Compensation to Victims of Crime
2. Federal-Provincial Agreement on Criminal Legal Aid
3. Memorandum of Agreement Between Government of Canada and Government of Alberta Relating to the Privacy Act

Culture

1. Multilingual Biblioservice Agreement
2. National Museums Corporation Program
3. 1979 Agreement Respecting Lotteries

Economic Development

1. Product Development Management Program

Education

1. Capital Grants to School Boards
2. Full-Time Monitor Program
3. Interchange on Canada Studies Inc.
4. Interprovincial Second-Language Monitor Program
5. Monitor Program for Francophones
6. Program of Cooperation for Bilingualism in Education
7. Protocol for Agreement Between Government of Canada and Government of Alberta for Minority Language Education
8. Summer Language Bursary Program

Energy and Natural Resources

1. Alberta/Canada Energy Resources Research Fund
2. Border Zone Agreement re: National Parks
3. Canada/Alberta Agreement on Natural Gas Pricing and Market Development Assistance
4. Canada/Alberta Memorandum of Agreement Relating to Energy Pricing and Taxation
5. Canadian Energy Research Institute
6. Cold Lake Air Weapons Range Access Agreement
7. Energy Bus Program
8. Federal-Provincial Fire Cooperation Zone Agreement
9. Freshwater Fish Marketing Cooperation
10. Indian Reserve Fire Control Agreements
11. Interagency Forest Fire Centre Agreement
12. Interagency Mutual Aid Resources Sharing Agreement
13. Manyberries Range Experimental Station
14. Memorandum of Understanding Concerning the Coordination of Forest Research
15. Namao Airport Lease Agreement
16. Natural Resources Transfer Agreement
17. Primrose Lake Air Weapons Agreement
18. Suffield Block Agreement
19. Swift Fox Agreement
20. Wainwright Military Camp Agreement
21. Waterfowl Crop Damage Compensation Program
22. Waterfowl Crop Damage Prevention Program
23. Wood Bison Agreement

Energy Resources Conservation Board

1. Arrangement on Drill Cuttings

Environment

1. Active and Inactive Landfill Site Study
2. Canada-Alberta Accord for the Protection and Enhancement of Environmental Quality
3. Canada-Alberta Agreement on Hydrometric Stations
4. Canada-Alberta Meteorological Programs and Stations Agreement
5. Irrigation Rehabilitation Program
6. Mackenzie River Basin Committee
7. Peace-Athabasca Delta Implementation Agreement
8. Prairie Provinces Water Board Agreement

Federal and Intergovernmental Affairs

1. Alberta-Canada Funds Transfer Agreement
2. General Development Agreement (DREE)
3. Memorandum of Agreement on the Transit Pipeline Treaty
4. Memorandum of Agreement on Administrative Matters for the Alaska Highway Gas Pipeline
5. Memorandum of Understanding on Environmental Surveillance for the Alaska Highway Gas Pipeline

Hospitals and Medical Care

Health Care Insurance

1. Alberta Health Care Insurance Plan

Hospital Services

1. Alberta Hospitalization Benefits Plan
2. Hospital Supplementary Insurance Fund

Municipal Affairs

1. Canyon Creek Wharf Agreement
2. Enhanced Value Loan Agreements
3. Fort Chipewyan Water Pipeline Agreement
4. Hamlet of Suffield Water Agreement
5. Intergovernmental Committee on Urban and Regional Research (ICURR)

Public Affairs Bureau

1. Visiting Journalists Program

Public Works, Supply and Services

1. Metric Conversion Information Centre Agreement
2. Sales Tax Refund

Recreation and Parks

1. Operation Park Watch

Social Services and Community Health

1. Canada Assistance Plan
2. Child Welfare Services to Treaty Indians
3. Family and Community Support Services (on Frog Lake and Saddle Lake Reserves)
4. Lesser Slave Lake Indian Regional Council - Canada -Alberta Child Welfare Agreement
5. National Health Grants: Research Program
6. National Welfare Grants
7. Social Allowance to Treaty Indians
8. Vocational Rehabilitation of Disabled Persons Agreement
9. Social Services System Development

Solicitor General

1. Accreditation and Funding of Community Residential Centres
2. Community Assessment and Parole Supervision
3. Exchange of Correctional Services Agreement
4. Firearms Control Agreement
5. Native Courtworker Program
6. RCMP Provincial Policing Contract

Tourism and Small Business

Tourism (Travel Alberta)

1. Familiarization-Education Tours for the Travel Trade/Visit Canada Program for the Travel Press

Transportation

1. River Crossing Structures in Indian Reserves
2. Urban Transportation Assistance Program

Treasury

1. Canada Pension Plan Investment Fund
2. Established Programs Financing
3. Federal-Provincial Cost-Sharing Agreement on Cooperative Annual Survey of Salaries, Wage Rates and Working Conditions
4. Fiscal Equalization Payments
5. Fiscal Stabilization Payments to Provinces
6. Provincial Personal Income Tax Revenue Guarantee Payments
7. Public Utility Corporations Income Tax Rebate
8. Statutory Subsidies
9. Tax Collection Agreement
10. Transfer Payments with Respect to Tax on 1971 Undistributed Income on Hand

Appendix IX

List of International Agreements Involving Alberta in Effect on March 31, 1984, by Department Responsible

The following is a list of international agreements involving Alberta government departments and agencies. The list does not include agreements between Alberta and federal agencies for the performance of contracts in foreign countries, as these constitute federal-provincial rather than international agreements.

Advanced Education

1. Memorandum of Understanding between Advanced Education and the Vocational and Industrial Training Board of Singapore. (1983)

Agriculture

1. Memorandum of Understanding with the State of Montana Concerning Cooperation in Research and Control of Dryland Salinity. (1983)
2. Agriculture Sub-Agreement to Protocol of Understanding and Friendship with the Province of Heilongjiang, People's Republic of China. (1982)
3. Agricultural Cooperation Agreement with the State of Alaska. (1981)

Alberta Oil Sands Technology and Research Authority (AOSTRA)

1. Letter of Cooperation between AOSTRA and the Daqing Petroleum Administration Bureau, Heilongjiang, People's Republic of China. (1982)
2. Letter of Understanding between AOSTRA and Yacimientos Petroliferos Fiscales (YPF) of Argentina. (1981)
3. Memorandum of Understanding between AOSTRA and the Research Association for Petroleum Alternatives Development (RAPAD) of Japan. (1981)
4. Letter of Understanding between AOSTRA and Petroleos del Peru (PETROPERU) of Peru. (1982)
5. Memorandum of Understanding between AOSTRA and Rempetrol of Romania. (1981)
6. Agreement among AOSTRA, Petro-Canada Exploration Inc. (Petro-Canada), and Instituto Tecnologico Venzolano Del Petroleo (Intevep) of Venezuela. (1981)
7. Letter of Understanding between AOSTRA and Instituto Tecnologico Venezolano Del Petroleo (Intevep), of Venezuela. (1979)
8. Agreement among AOSTRA, Petro-Canada Exploration Inc. (Petro-Canada), and Instituto Tecnologico Venezolano Del Petroleo (Intevep), of Venezuela. (1979)
9. Memorandum of Understanding among AOSTRA, the Department of Energy, Mines and Resources (Canada), the Saskatchewan Department of Mineral Resources, and the Department of Energy, United States of America. (1979)

Environment

1. Contractual Agreement with the Commonwealth Institute of Biological Control, headquartered in Switzerland. (1982)
2. Memorandum of Agreement with the National Earth Satellite Service of the United States Department of Commerce. (1979)

Federal and Intergovernmental Affairs

1. Protocol of Understanding and Friendship between Alberta and the Province of Heilongjiang, People's Republic of China. (1981)
2. Proclamation of Friendship and Affiliation between Alberta and the Prefecture of Hokkaido, Japan. (1980)
3. Proclamation between Alberta and the Province of Kangwon, Republic of Korea. (1974)

Recreation and Parks

1. Sports Exchange Agreement with Heilongjiang Province of the People's Republic of China. (1983)
2. Sports Exchange Agreement with the Hokkaido Amateur Sports Association (HASA), of Japan. (1979)

Transportation

1. International Registration Plan - registration reciprocity agreement among Alberta and various states of the United States of America. (1974)
2. Uniform Vehicle Registration Proration and Reciprocity Agreement among Alberta, the Province of British Columbia, and various states of the United States of America. (1973)